573

United States
Department of
Agriculture

Economic
Research
Service

Agriculture
Information
Bulletin
Number 573

A Glossary of Food and Agricultural Policy Terms, 1989

Kathryn L. Lipton
Susan L. Pollack

READEX FICHE best copy available

It's Easy To Order Another Copy!

Just dial 1-800-999-6779. Toll free.

Ask for *A Glossary of Food and Agricultural Policy Terms, 1989* (AIB-573).

The cost is $5.50 per copy. For non-U.S. addresses, add 25 percent (includes Canada). Charge your purchase to your VISA or MasterCard, or we can bill you. Or send a check or purchase order (made payable to ERS-NASS) to:

ERS-NASS
P.O. Box 1608
Rockville, MD 20849-1608.

We'll fill your order by first-class mail.

A Glossary of Food and Agricultural Policy Terms, 1989. By Kathryn L. Lipton and Susan L. Pollack. Commodity Economics Division and Agriculture and Trade Analysis Division, Economic Research Service, U.S. Department of Agriculture. Agriculture Information Bulletin No. 573.

Abstract

This glossary is designed to serve as a practical guide to the many terms associated with food and agricultural policies and programs. Embodied in a myriad of complex programs, these policies cover agricultural commodities, international trade and development, domestic and international food assistance, and conservation. The glossary includes program descriptions, terms used in implementing the programs, and the Federal agencies involved.

Keywords: Agricultural policy, food policy, food and agricultural legislation.

Note: The food and agricultural programs described in this report are administered without regard to race, color, religion, sex, national origin, age, or handicap.

Acknowledgments

The authors gratefully acknowledge the comments and contributions of Lorna Aldrich, John Craven, Milton Ericksen, Fred Hines, Jim Langley, Tom Lederer, Alden Manchester, Rosanna Morrison, Tanya Roberts, Jerry Sharples, and Tom Stucker. We would also like to thank the many researchers in ERS who patiently answered our questions in their areas of expertise. Those people are too numerous to name here, but their assistance proved invaluable.

1301 New York Avenue, NW.
Washington, DC 20005-4788

November 1989

A Glossary of Food and Agricultural Policy Terms, 1989

Kathryn L. Lipton
Susan L. Pollack*

Acreage allotment -- An individual farm's share of the total national acreage that the Secretary of Agriculture determines is needed to produce sufficient supplies of a particular crop. The farm's allotted share is based on its production history.

Acreage base -- see Crop acreage base.

Acreage reduction program (ARP) -- A voluntary land retirement system in which participating farmers idle a prescribed portion of their *crop acreage base* of wheat, feed grains, cotton, or rice. 1/ The base is the average of the acreage planted for harvest and considered to be planted for harvest. Acreage considered to be planted includes any acreage not planted because of acreage reduction and diversion programs during a period specified by law. Farmers are not given a direct payment for ARP participation, although they must participate to be eligible for benefits such as *Commodity Credit Corporation* loans and *deficiency payments*. Participating producers are sometimes offered the option of idling additional land under a *paid land diversion* program, which gives them a specific payment for each idled acre.

Acreage slippage -- A measure of the effectiveness of *acreage reduction programs*. Slippage occurs when the reduction in harvested acres is less than the increase in idled acres. Slippage may refer to crop acreage, yields, or production.

Advance deficiency payments -- Payments made to crop producers when they sign up for Federal commodity programs. The Secretary is required by law to make the payments when an acreage limitation program is in effect and deficiency payments are expected to be paid. Advance deficiency payments can range from 30 to 50 percent of expected payments, depending on the crop. Up to 50 percent of the advance payment may be made as *generic commodity certificates*. If total *deficiency payments* are less than the advance amount, producers must refund the excess portion.

Advance recourse loans -- *Price-support* loans made early in a *marketing year* to enable farmers to hold their crops for later sale. Farmers must repay the recourse loan with interest and reclaim the crops used as collateral. Advance recourse loans have been made to *upland* and *extra-long staple* (ELS) cottonseed

---

* The authors are agricultural economists with the Office of the Director, Commodity Economics Division, and the U.S. Agriculture Policy Branch, Agriculture and Trade Analysis Division, respectively, Economic Research Service, U.S. Department of Agriculture (USDA).

1/ Italicized words are defined elsewhere in this glossary.

producers only. However, the Secretary of Agriculture has authority to make advance recourse loans to producers of other commodities if such loans are necessary to provide adequate operating credit to producers.

Agribusiness -- The sector consisting of producers and manufacturers of agricultural goods and services, including fertilizer and farm equipment makers, food and fiber processors, wholesalers, transporters, and retail food and fiber outlets.

Agricultural association -- A nonprofit or cooperative association of farmers, growers, or ranchers incorporated or qualified under applicable State laws to recruit, solicit, hire, employ, furnish, or transport *migrant* or *seasonal agricultural workers*.

Agricultural Conservation Program (ACP) -- A program to carry out conservation and environmental protection practices on agricultural land. ACP is a *cost-sharing program* between agricultural producers, Federal and State agencies, and other groups. Cost sharing is available under annual or long-term agreements.

Agricultural cooperative -- A business owned and controlled by the people who use its services. These services can include processing and marketing members' products and obtaining production supplies, such as feed, fertilizer, petroleum, seed, building materials, and farm equipment. The members finance and operate the business for their mutual benefit. Service cooperatives provide functions related to production and marketing, including credit, electricity, and insurance.

Agricultural Cooperative Service (ACS) -- A USDA agency that provides technical and educational assistance to farmer cooperatives to improve organization and operation and to guide further development. ACS also provides management analysis and conducts research which is published as agency educational materials or in Farmer Cooperatives.

Agricultural employment -- Any labor service or activity related to farming. Services include cultivating and tilling soil, dairying, and cultivating, growing, and harvesting agricultural, aquacultural, or horticultural commodities. Labor associated with handling, planting, drying, packing, packaging, processing, freezing, or grading prior to delivery for storage of any agricultural or horticultural commodity in its unmanufactured state is also considered agricultural employment.

Agricultural inputs -- Components of agricultural production, such as land, labor, and capital to purchase other inputs, including machinery, fertilizer, seed, and pesticides.

Agricultural Marketing Service (AMS) -- A USDA agency that administers and enforces regulatory laws to make marketing more orderly and efficient. AMS's responsibilities include establishing standards for grades of cotton, tobacco, meat, dairy products, eggs, fruits, and vegetables; operating grading services; and administering *Federal marketing orders and agreements*. The agency also operates the Federal-State market news service, in cooperation with government agencies in 44 States, the District of Columbia, and 3 territories, reporting up-to-the-minute information on prices, supply, and demand for most agricultural commodities.

Agricultural Research Service (ARS) -- A USDA agency which conducts basic, applied, and developmental research of regional, national, and international scope. ARS conducts research in the areas of livestock; plants; soil, water, and air quality; energy; food safety and quality; nutrition; food processing, storage, and distribution efficiency; nonfood agricultural products; and international development.

Agricultural Stabilization and Conservation Service (ASCS) -- A USDA agency responsible for administering farm price- and income-support programs as well as some conservation and forestry *cost-sharing programs*, environmental protection, and emergency programs. ASCS offices are maintained in nearly all farming counties.

Alternative farming -- Production methods other than energy- and chemical-intensive one-crop farming (monoculture). Alternatives include use of animal and green manure rather than chemical fertilizers, integrated pest management instead of chemical pesticides, reduced tillage, crop rotation especially with *legumes*, alternative crops, or diversification of the farm enterprise.

Animal and Plant Health Inspection Service (APHIS) -- A USDA agency that conducts regulatory and control programs to protect animal and plant health.

Appropriations bill -- Upon becoming law, this legislation gives legal authority to spend or obligate Treasury funds for specific purposes. Appropriations bills provide part or all of the funds approved in *authorization* legislation (*bill*).

Aquaculture -- The production of aquatic plants or animals in a controlled environment, such as ponds, raceways, tanks, or cages, for all or part of their life cycle. In the United States, baitfish, catfish, clams, crawfish, freshwater prawns, mussels, oysters, salmon, shrimp, tropical (or ornamental) fish, and trout account for 85 percent of aquacultural production. Less widely established but growing species include alligator, hybrid striped bass, carp, eel, red fish, northern pike, sturgeon, and tilapia. Aquaculture is the fastest growing agricultural industry in the United States, increasing over 20 percent annually in the 1980's.

Aquifers -- Subterranean water-bearing rock formations that can be tapped for wells. Aquifers supply water to about 97 percent of rural residents and almost 50 percent of the U.S. population.

Assessment programs -- Programs requiring producers to pay a fee per unit of production in order to share program costs with the Government. For example, to be eligible for *price supports* under the 1989 flue-cured tobacco program, producers must agree to contribute 1 cent per pound of tobacco marketed to an account to ensure the operation of the program at no net cost to taxpayers. Flue-cured tobacco buyers are also required to contribute 1 cent per pound. In addition, both producers and buyers must contribute 0.12 cent per pound each for a budget deficit assessment, instead of a 1.4-percent reduction in price support. For other types of tobacco under the price support program, growers pay the full assessment.

Authorization bill -- Upon becoming law, it establishes or continues operation of a Federal program or agency and establishes the limits and duration of its funding.

Balance of payments -- Statement of economic transactions involving the exchange of goods, services, and capital claims between a country and its trading partners. A trade deficit occurs when funds leaving a country for imported goods and services, investments, and other purposes exceed money received from other countries.

Balance of trade -- The difference between the value of goods that a nation exports and the value of the goods it imports. An export surplus occurs when a country's exports exceed its imports, resulting in a favorable trade balance. Similarly, an export deficit implies that imports total more than exports for a country, producing an unfavorable trade balance.

Base acreage -- See Crop acreage base.

Basic commodities -- Six crops (corn, cotton, peanuts, rice, tobacco, and wheat) declared by legislation as *price-supported* commodities.

Bilateral trade agreement -- A trade agreement between any two nations. The agreement may be either preferential, applying only to the two countries involved, or *most-favored-nation*, negotiated between the two countries but extending to all or most other countries.

Biotechnology -- The use of technology, based on living systems, to develop commercial processes and products. Includes specific techniques of plant regeneration and gene manipulation and transfer.

Blended credit -- A form of export subsidy which combines direct Government export credit and credit guarantees to reduce the effective interest rate.

Board for International Food and Agricultural Development (BIFAD) -- An organization created by Congress to advise officials managing foreign assistance programs regarding the use of U.S. land-grant and other qualified universities to support agricultural development abroad.

bovine growth hormone -- See bovine Somatotropin (bST).

bovine Somatotropin (bST) -- A protein occurring naturally in cattle, bST has been genetically engineered as a synthetic to inject into cows to increase milk production. It is also referred to as bovine growth hormone. A similar product (porcine somatotropin) for use in pork production is in the experimental stage.

Broilers -- Young chicken produced for meat. Broilers usually are 3-5 pounds liveweight and 6-8 weeks old. The terms broilers, fryers, and young chickens are interchangeable.

Byproduct -- A secondary product resulting from the processing of a primary product. For example, blood and bone meal used as fertilizers and leather for shoes are byproducts of livestock slaughter.

Cairns Group -- An informal group formed in 1986 at Cairns, Australia. The group seeks the removal of access barriers and substantial reductions in subsidies affecting agricultural trade in response to depressed commodity prices and reduced export earnings stemming from subsidy wars between the United States and the *European Community*. The members account for a significant portion of the world's agricultural exports. The group includes

major food exporters from both developed and *developing nations*: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay. The Cairns Group is a strong coalition in the Uruguay Round of *multilateral trade negotiations* held under the auspices of the *General Agreement on Tariffs and Trade*.

Cargo preference -- A law that requires a certain portion of goods or commodities financed by the U.S. Government to be shipped on U.S. flag ships. The law has traditionally applied to *P.L. 480* and other concessional financing or donation programs.

Caribbean Basin Economic Recovery Act -- More popularly known as the Caribbean Basin Initiative (CBI), this act eliminates duties on imports of products from designated Caribbean countries until September 30, 1995. The CBI also provides for import relief to U.S. industries injured or threatened by increased imports from CBI countries.

Carryover -- Existing supplies of a farm commodity at the beginning of a new harvest for a commodity (end of the *marketing year*). It is the remaining stock carried over into the next year.

Cartel -- An alliance or arrangement of independent sellers in the same field of business organized in order to function as a monopoly with respect to production or marketing of the commodity.

Casein -- A milk product composed of the major portion of milk protein. It is manufactured from skim milk and is usually marketed in dry form. Food grade casein is used in processed foods and industrial grade casein is used in making glue, paint, and plastics.

Cash grain farm -- A farm on which corn, grain sorghum, oats, barley, other small grains, soybeans, or field beans and peas account for at least 50 percent or the majority of the value of the products sold.

Cashing out -- Providing food assistance in cash rather than in commodities or *food stamps*. Eligible residents of Puerto Rico have received cash instead of food stamps since July 1982 under the Nutrition Assistance Program.

Cash-out option for generic certificates -- The original holder of a *generic commodity certificate* has the option of redeeming the certificate at its face value for cash from the *Commodity Credit Corporation* instead of exchanging it for commodities. To encourage exchange of certificates for surplus commodities, generic certificates cannot be redeemed for cash until 5 months after the issue date. Those who purchase or trade the certificates from original holders are not permitted to cash-out the certificates. Certificates issued under the *Export Enhancement Program* also cannot be cashed out.

Census of Agriculture -- A survey taken by the Bureau of Census every 5 years to determine the number of farms, farm acreage, crop acreage and production, livestock numbers and production, farm spending, farm facilities and equipment, farm tenure, value of farm products sold, farm size, type of farm, and so forth. Data are reported for States and counties.

Cereals -- Generic name for certain grasses that produce edible seeds. The term is also used for certain products made from the seeds. Cereals include wheat, oats, barley, rye, rice, millet, corn, and sorghum grain.

Checkoff programs -- Producers and importers pay a given amount per unit of production marketed in order to finance market development or research programs. These programs must be authorized by legislation and may require approval by producers in a referendum. For example, one-quarter of 1 percent of the market value of all U.S.-produced market hogs, feeder pigs, and breeding stock as well as imported hogs and pork products is collected for pork research and development programs.

Child Care Food Program -- Provides cash reimbursements and USDA-donated foods or cash equivalents to nonprofit family and group day-care homes and day-care centers based on the number of breakfasts, lunches, suppers, and snacks served.

Child nutrition programs -- see National School Lunch Program, School Breakfast Program, Special Milk Program, Child Care Food Program, and Summer Food Service Program.

Class I, II, and III milk -- A system to divide *Grade A milk* under *Federal milk marketing orders* (and most State regulations) based on the products made from the milk. The prices for each class of milk are different. Some Federal milk marketing orders have three classes and others only two. The products included in each class vary according to the number of classes in the order.

In orders with three classes:

> **Class I** is milk used in fluid milk products (whole, lowfat, skim, flavored, and buttermilk.)
>
> **Class II** is milk used in soft manufacturing products such as cream, sour cream, cottage cheese, ice cream, and yogurt.
>
> **Class III** is milk used in other (hard) manufactured products such as butter, cheese, nonfat dry milk, and canned milk.

In orders with only two classes, Classes II and III are combined into Class II.

Coarse grains -- Corn, barley, oats, grain sorghum, and rye. Millet is also included in the statistics of some foreign nations.

Codex Alimentarius Commission -- Created in 1962 by the *Food and Agriculture Organization (FAO)* and the *World Health Organization (WHO)* to negotiate agreements from member countries on international standards and safety practices for foods. The Codex standards are minimum safety and hygiene levels that countries voluntarily apply to their exports and imports of commodities for human consumption. The standards are published in a listing called "Codex Alimentarius." Approximately 130 countries are members.

Commodity Credit Corporation (CCC) -- A federally owned and operated corporation within USDA. The CCC was created to stabilize, support, and protect farm income and prices through loans, purchases, payments, and other operations. The CCC functions as the financial institution through which all money transactions are handled for agricultural price and income support and related programs. The CCC also helps maintain balanced, adequate supplies of agricultural commodities and helps in their orderly distribution. The CCC does not have any operating personnel or facilities.

Commodity distribution -- Direct donation of food products by the Federal Government to needy persons, schools, and institutions. The commodities donated are generally in surplus, meaning supplies exceed requirements or prices are below desired levels.

Commodity Futures Trading Commission (CFTC) -- An independent Government commission that regulates trading on the 11 U.S. futures exchanges. The CFTC also regulates the activities of numerous commodity exchange members, public brokerage houses, commodity trading advisors, and commodity pool operators.

Commodity options -- *Options* which give buyers the right, but not the obligation, to buy or sell a commodity during a certain time period at a stipulated price.

Commodity Supplemental Food Program (CSFP) -- A program initiated in 1968 to provide benefits to infants, children up to age 6, women during pregnancy and up to 6 weeks post partum, and breast-feeding women up to 12 months post partum. Under the CSFP, USDA purchases foods, such as fruit juice, beef, egg mix, and canned corn, and distributes them to eligible women, infants, and children through State and local agencies. USDA's *Food and Nutrition Service* determines the quantity of food required and makes allocations.

Common Agricultural Policy (CAP) -- A set of regulations by which member states of the *European Community (EC)* seek to merge their individual agricultural programs into a unified effort to promote regional agricultural development, fair and rising standards of living for the farm population, stable agricultural markets, increased agricultural productivity, and methods of dealing with food supply security. The *variable levy* and *export subsidies* are the two principal elements of the CAP.

Competitive imports -- Imported products, such as vegetables, sugar, and meat, that are also produced domestically. Also referred to as supplementary imports.

Concessional sales -- Credit sales of a commodity in which the buyer is allowed more favorable payment terms than those on the open market. For example, title I of the *Food For Peace Program (P.L. 480)* provides for financing sales of U.S. commodities with low-interest, long-term credit.

Conservation compliance provision -- A provision of the *Food Security Act of 1985* that requires farmers with *highly erodible cropland* to implement an approved conservation plan by 1990. The plan must be completed by 1995 to maintain eligibility for Federal program benefits.

Conservation district -- Any unit of local government formed to carry out a local soil and water conservation program.

Conservation plan -- A combination of land uses and practices to protect and improve soil productivity and to prevent soil deterioration. A conservation plan must be approved by local conservation districts for acreage offered in the *Conservation Reserve Program*. The plan sets forth the conservation measures and maintenance that the owner or operator will carry out during the term of the contract.

Conservation practices -- Methods which reduce soil *erosion* and retain soil moisture. Major conservation practices include *conservation tillage, crop*

rotation, contour farming, *stripcropping*, terraces, diversions, and grassed waterways.

Conservation Reserve Corn Bonus Program -- A program effective only for the 1987 crop year and designed to encourage farmers to place *highly erodible* excess corn acreage into long-term conservation use. Bonus payments to participants were paid entirely in certificates.

Conservation Reserve Program (CRP) -- A major provision of the *Food Security Act of 1985* designed to reduce *erosion* on 40-45 million acres of farmland. Under the program, producers who sign contracts agree to convert *highly erodible cropland* to approved conservation uses for 10 years. In exchange, participating producers receive annual rental payments and cash or *payments-in-kind* to share up to 50 percent of the cost of establishing permanent vegetative cover.

Conservation tillage -- Any of several farming methods that provide for seed germination, plant growth, and weed control, yet maintain effective ground cover throughout the year and disturb the soil as little as possible. The aim is to reduce soil loss and energy use while maintaining crop yields and quality. No-till is the most restrictive (soil conserving) form of conservation tillage. Other practices include ridge-till, strip-till, and mulch-till.

Conserving uses -- Land idled from production and planted in a soil-conserving crop, such as annual, biennial, or perennial grasses. Uses exclude acreage (1) devoted to a crop of rice, *upland* or *extra-long staple cotton*, feed grains, wheat, soybeans, peanuts, other *program crops*, or approved *nonprogram crops;* (2) required to be taken out of production under an acreage limitation program; and (3) designated under the *Conservation Reserve Program* or other conservation programs.

Consolidated Metropolitan Statistical Area (CMSA) -- A large concentration of metropolitan population composed of two or more contiguous *Metropolitan Statistical Areas (MSA's)* which together meet certain criteria of population size, urban character, and social and economic integration. Each CMSA must have a population of 1 million or more.

Consultative Group on International Agricultural Research (CGIAR) -- A group sponsored by the *World Bank*, the United Nations (UN) Development Program, and the *Food and Agriculture Organization* of the UN to coordinate and fund a majority of the international agricultural research centers, such as the International Rice Research Institute in the Philippines and the International Maize and Wheat Improvement Center in Mexico.

Consumer Price Index (CPI) -- A monthly measure of changes in the prices of goods and services consumed by families and individuals, published by the U.S. Department of Labor's Bureau of Labor Statistics. It is the most widely accepted measure of changes in consumer prices.

Consumer subsidy equivalents (CSE's) -- An economic concept measuring the value or cost to consumers of government food and agricultural programs. CSE's estimate the amount of subsidy consumers would need to maintain their economic well-being if all agricultural programs were discontinued.

Contract production -- The production of crops or livestock under an advance agreement to deliver a certain quantity and quality of specified goods and services at an agreed-upon price.

Converted wetlands -- *Wetlands* that have been drained or otherwise manipulated to produce agricultural commodities.

Cooperative -- see Agricultural cooperative.

Cooperator program -- A longstanding market development program administered by USDA's *Foreign Agricultural Service* which coordinates the export promotion efforts of more than 50 nonprofit commodity trade associations, including the U.S. Wheat Associates, Cotton Council International, and the National Potato Promotion Board.

Corporate farm -- A farm created and organized under the laws of the State(s) in which it operates. The farm can be of any size, including *family farms*.

Cost-benefit analysis -- A process used for economic appraisal of a project. It consists of adding up all benefits and costs of the project to society, adjusting them by using a discount rate to reflect the opportunity cost of the invested funds, and computing the value received from the project. The discount rate reflects either (1) the assumptions of the researcher about the preferences society has for consumption today over the future; (2) the amount that could have been earned if the funds had been invested elsewhere (opportunity cost); or (3) some combination of both.

Cost of production -- The sum, measured in dollars, of all purchased inputs and other expenses necessary to produce farm products. The three summary cost of production statistics are total cash expenses, cash expenses plus capital replacement costs, and total economic costs. The latter includes an opportunity costs for owned inputs. Cost of production statistics may be expressed as an average per animal, per acre, or per unit of production (bushel, pound, or hundredweight) for all farms in an area or in the country.

Cost-sharing program -- A program whereby a recipient of Government aid shares in the cost of the service or good. The *Emergency Feed and Emergency Feed Assistance programs*, for example, are operated as cost-sharing programs.

Countervailing duty -- A tariff that offsets an *export subsidy* of another country.

County extension agent -- A professional worker, employed by the county, State Cooperative Extension Service, and/or the U.S. Department of Agriculture, to bring agricultural and homemaking information to local people and to help them meet farm, home, and community problems. The position is also called extension agent, farm and home advisor, agricultural agent, and extension home economist.

Cover crop -- A close-growing crop grown to protect and improve soil between periods of regular crops, or between trees and vines in orchards and vineyards.

Crop acreage base -- A farm's average acreage of wheat, feed grains, cotton, or rice planted for harvest, plus land not planted because of *acreage reduction or diversion programs* during a period specified by law. Crop

acreage bases are permanently reduced by the portion of land placed in the *Conservation Reserve Program*.

Crop failure -- A cropland use classification term. Mainly acreage on which crops were not harvested because of weather, insects, and diseases, but also includes some land not harvested due to lack of labor, low market prices, or other factors. The term excludes acreage planted to cover and soil improvement crops not intended for harvest.

Crop insurance -- See Federal crop insurance.

Crop rotation -- The practice of growing different crops in recurring succession on the same land. Crop rotation plans are usually followed for the purpose of increasing soil fertility.

Crop year -- The year in which a crop is harvested. For wheat, barley, and oats, the crop year is from June 1 to May 31. For corn, sorghum, and soybeans, it is from October 1 to September 30. For cotton, peanuts, and rice, it is from August 1 to July 31.

Cross-compliance -- A requirement that a farmer participating in a program for one crop who meets the qualifications for production adjustment payments and loans for that crop must also meet the program provisions for other major program crops which the farmer grows. This requirement is called full or strict cross-compliance. In a limited cross-compliance program, a producer participating in one commodity program must not plant in excess of the crop acreage base on that farm for any of the other program commodities for which an acreage reduction program is in effect. Strict cross-compliance provisions have not been enforced since the 1960's. Limited cross-compliance authority was implemented in the late 1970's and remains in effect under the *Food Security Act of 1985*.

Dairy Diversion Program -- See Milk Diversion Program.

Dairy Export Incentive Program -- A program authorized by the *Food Security Act of 1985* which offered subsidies to exporters of U.S. dairy products to help them compete with other subsidizing nations. Payments were made by the *Commodity Credit Corporation* on a bid basis either in cash, in-kind, or through certificates redeemable for commodities. The payment rates reflected the type of dairy products exported, the domestic and world prices of dairy products, and other factors. Eligible sales had to be in addition to, and not in place of, those that would normally be made, and payments could not displace commercial export sales. The program ran from February 1986 to September 30, 1989.

Dairy Termination Program -- See Milk Production Termination Program.

Debt/asset ratio -- A measurement of proportional owner equity in the farm and the extent to which the farm's assets have been used as collateral. It is calculated as total debt outstanding as of January 1, divided by the estimate of the current market value of owned assets of the farm business or sector.

Decoupling -- A farm policy concept which, by separating farm program payments from the amount of production, represents an alternative to current policies. Farmers would make planting decisions based on market prices but receive

income-support payments independent of production and marketing decisions if decoupling proposals were enacted.

Deficiency payment -- A Government payment made to farmers who participate in wheat, *feed grain*, rice, or cotton programs. The payment rate is per bushel, pound, or hundredweight. It is based on the difference between the price level established by law (*target price*) and either the market price during a period specified by law or the *loan rate*, whichever is higher. The total payment is equal to the payment rate multiplied by the eligible acreage planted for harvest, and then multiplied by the *program yield* established for the particular farm.

For example, the 1987 target price for corn was $3.03 per bushel and the loan rate, $1.82. If the market price during the first 5 months of the marketing year had been less than $1.82 per bushel, the deficiency payment would have been $1.21 per bushel. If the market price during this time had reached $1.94, the payment would have totaled $1.09 per bushel. When the market price during the specified time period exceeds the target price, no deficiency payment is made. The following actual case illustrates how to calculate the deficiency payment rate:

Calculating the Deficiency Payment Rate for Corn, 1987

Step 1	Target price	$3.03
	Market price	$1.94
	Difference	$1.09*
Step 2	Target price	$3.03
	Loan rate	$1.82
	Difference	$1.21

In this two-step process, the smaller difference (indicated with an asterisk) becomes the deficiency payment rate, which in this case is $1.09.

Additional deficiency (emergency compensation) payments for wheat and feed grains must be made whenever the *Findley loan rate* is in effect and season average market prices for wheat and feed grains are below the statutory loan rate. These payments are sometimes referred to as 12-month deficiency payments.

Delaney Clause -- The 1958 Food Additive Amendment to the *Federal Food, Drug, and Cosmetic Act* prohibits the use of direct food additives that have been shown through appropriate tests to cause cancer in humans or laboratory animals. Color additives are also subject to the Delaney Clause. The clause implies a "zero cancer risk" standard for processed foods.

Designated nonbasic commodities -- Commodities other than *basic commodities* for which the Secretary of Agriculture is authorized and directed to provide *price support*. These commodities include tung nuts, soybeans, honey, milk, sugarbeets, and sugar cane.

Developing countries -- Countries whose economies are mostly dependent on agriculture and primary resources and do not have a strong industrial base. These countries generally have a gross national product below $1,890 per capita (as defined by the *World Bank* in 1986). The term is often used synonymously with less developed countries and underdeveloped countries.

Dietary guidelines -- Seven guidelines developed by the USDA and the Department of Health and Human Services, emphasizing variety, balance, and moderation in the total diet without making recommendations regarding specific foods to include or to eliminate.

Direct payments -- Payments in the form of cash or commodity certificates made directly to producers including *deficiency payments*, annual *paid land diversion* payments, or *conservation reserve* payments.

Disaster payments -- Federal aid provided to *feed grain*, wheat, rice, and *upland cotton* producers who have *Federal crop insurance* (when available), when either planting is prevented or crop yields are abnormally low because of adverse weather and related conditions.

Payments also may be made under special legislation enacted after an extensive natural disaster. The Disaster Assistance Act of 1988 (see appendix), for example, provided payments to crop producers who suffered losses in 1988 because of drought, hail, excessive moisture, or related conditions.

Dumping -- Sale of products on the world market below the cost of production to dispose of surpluses or gain access to a market.

Economic Research Service (ERS) -- A USDA agency responsible for economic data and analyses and social science information needed to develop, administer, and evaluate agricultural and rural policies and programs.

Embargo -- A government-ordered prohibition of trade with another country restricting all trade or only that of selected goods and services.

Emergency Conservation Program (ECP) -- A program that provides emergency funds for sharing with farmers and ranchers the cost of (1) restoring farmland to productive use that has been seriously damaged by natural disasters or (2) carrying out emergency water conservation measures during periods of severe drought. ECP assistance is available only to help solve new conservation problems caused by natural disasters that impair and endanger the land or its productive capacity. The damage must be unusual (with the exception of wind erosion) and not likely to recur frequently in the same area. Assistance is based on the type and extent of the damage.

Emergency Feed Assistance Program -- A program that provides for the sale of *Commodity Credit Corporation*-owned grain at 75 percent of the basic county loan rate to livestock producers whose feed harvest has suffered because of drought or excess moisture. Eligible livestock producers must have insufficient feed available to preserve and maintain their breeding stock. The Secretary of Agriculture must declare a county a natural disaster before this program can be implemented in that county.

Emergency Feed Program -- A program that provides disaster assistance to eligible livestock owners by sharing the cost of feed purchased to replace the farm's normal production and feed purchased in quantities larger than normal

because of an emergency. This program requires the Secretary of Agriculture to declare the county a natural disaster before implementation. The program is also called the Feed Cost-Sharing Program.

Equity level -- A measurement of net worth. It is the balance that would remain if assets were sold and existing debt repaid. It is calculated as total operator assets minus debt outstanding.

Erodibility index -- A value which combines a soil's inherent erodibility with its susceptibility to damage by erosion. Soil type, amount of rainfall and runoff, and slope length and steepness determine a soil's inherent erodibility. The susceptibility of a soil to erosion damage is inversely related to the soil's natural rate of formation. Cropland fields containing primarily soil with an erodibility index of 8 or greater may be enrolled in the *Conservation Reserve Program.* Cropland with an erodibility index of 8 or more is also subject to the *conservation compliance provisions* of the *Food Security Act of 1985.*

Erosion -- The process in which water or wind moves soil from one location to another. Types of erosion are: (1) **sheet and rill**--a general washing away of a thin uniform sheet of soil, or removal of soil in many small channels or incisions, caused by rainfall or irrigation runoff; (2) **gully**--channels or incisions cut by concentrated water runoff after heavy rains; (3) **ephemeral**--a water-worn, short-lived, or seasonal incision, wider, deeper and longer than a rill, but shallower and smaller than a gully; and (4) **wind**--the carrying away of dust and sediments by wind in areas of high prevailing winds or low annual rainfall.

Eurodollar market -- The name given to the operations outside U.S. boundaries in which foreign banks and foreign branches of U.S. banks make loan and security transactions denominated in U.S. dollars rather than foreign currency.

European Community (EC) -- An organization established by the Treaty of Rome in 1957 and also known as the European Economic Community and the Common Market. Originally composed of 6 European nations, it has expanded to 12. The EC attempts to unify and integrate member economies by establishing a customs union and common economic policies, including the *Common Agricultural Policy (CAP).* Member nations include the original six countries of Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, and the Netherlands, as well as Denmark, Greece, Ireland, Portugal, Spain, and the United Kingdom.

Exchange rate -- The number of units of one currency that can be exchanged for one unit of another currency at a given time. A decline in the value of the U.S. dollar, for example, drops the "price" of U.S. farm products in terms of the currency of many importers. Conversely, an appreciation in the value of the dollar means that foreign importers must spend more of their currency to buy American farm products.

Export allocation or quota -- Controls applied by an exporting country to limit the amount of goods leaving that country. Such controls usually are applied in time of war or during some other emergency requiring conservation of domestic supplies.

Export Credit Guarantee Program (GSM-102) -- The largest U.S. agricultural export promotion program, functioning since 1982. It guarantees repayment of private, short-term credit for up to 3 years.

Export Enhancement Program (EEP) -- A program initiated in May 1985 under a *Commodity Credit Corporation* charter to help U.S. exporters meet competitors' prices in subsidized markets. The program was formally authorized by the *Food Security Act of 1985*. Under the EEP, exporters are awarded *generic certificates* which are redeemable for CCC-owned commodities, enabling them to sell certain commodities to specified countries at prices below those of the U.S. market.

Exports -- Domestically produced goods and services that are sold abroad.

Export subsidies -- Special incentives, such as cash payments, tax exemptions, preferential exchange rates, and special contracts, extended by governments to encourage increased foreign sales. These subsidies are often used when a nation's domestic price for a good is artificially raised above world market prices.

Extension Service -- USDA's educational agency and one of the three partners in the Cooperative Extension System with State and local governments. All three share in financing, planning, and conducting educational programs.

Extra-long staple cotton -- Cottons having a staple length of 1-3/8 inches or more, according to the classification used by the International Cotton Advisory Committee. This cotton is also characterized by fineness and high fiber strength, contributing to finer and stronger yarns needed for thread and higher valued fabrics. American types include American Pima and Sea Island cotton.

Family farm -- An agricultural business which (1) produces agricultural commodities for sale in such quantities as to be recognized as a farm rather than a rural residence; (2) produces enough income (including off-farm employment) to pay family and farm operating expenses, to pay debts, and to maintain the property; (3) is managed by the operator; (4) has a substantial amount of labor provided by the operator and family; and (5) may use seasonal labor during peak periods and a reasonable amount of full-time hired labor.

Farm -- A tract or tracts of land, improvements, and other appurtenances available to produce crops or livestock, including fish. The Bureau of the Census defined a farm in 1978 as any place that has or would have had $1,000 or more in gross sales of farm products. In 1987, there were 2.2 million farms in the United States, accounting for 1.002 billion acres.

Farm acreage base -- The annual total of the *crop acreage bases* (wheat, *feed grains*, *upland cotton*, and rice) on a farm, the average acreage planted to soybeans, peanuts, and other approved *nonprogram crops*, and the average acreage devoted to *conserving uses*. Conserving uses include all uses of cropland except *crop acreage bases*, acreage devoted to *nonprogram crops*, acreage enrolled in annual *acreage reduction* or limitation programs, and acreage in the *Conservation Reserve Program*.

Farm bill -- The omnibus agricultural legislation that expires every 4 or 5 years. The bill usually includes provisions on commodity programs, trade, conservation, credit, agricultural research, *food stamps*, and marketing.

Farm Costs and Returns Survey -- A nationwide survey that includes, for a given year, data on costs of production, capital expenditures, debts and assets, earnings, production practices, and other farm business and operator characteristics. These data are used to update cost-of-production estimates. They are also used to measure annual farm income and to assess changes in the financial conditions of farms. The survey is managed by USDA's *Economic Research Service (ERS)* and conducted by the *National Agricultural Statistics Service (NASS)* and its 44 State offices. The survey covers every State except Hawaii and Alaska.

Farm Credit Administration (FCA) -- The Government agency responsible for examination and regulation of the *Farm Credit System*.

Farm Credit System (FCS) -- The system is made up of cooperatively owned financial institutions in districts covering the United States and Puerto Rico that finance farm and farm-related mortgages and operating loans. Institutions within each district specialize in farmland loans and operating credit, or lending to farmer-owned supply, marketing, and processing *cooperatives*. FCS institutions rely on the bond market as a source of funds.

Farmer-owned reserve (FOR) -- A program designed to provide protection against wheat and *feed grain* production shortfalls and provide a buffer against unusually sharp price movements. Farmers can place eligible grain in storage and receive extended loans for 3 years with extensions as warranted by market conditions. The loans are *nonrecourse* in that farmers can forfeit the commodity held as collateral to the Government in full settlement of the loan without penalty and without paying accumulated interest. Interest on the loan also may be waived by the Secretary of Agriculture, and farmers may receive annual storage payments from the Government. Farmers may not take grain out of storage without penalty unless the market price reaches a specified "release price" or the loan matures. When this price is reached, farmers may elect to remove their grain from the reserve but are not required to do so. However, at that point the storage and interest incentives may be reduced or eliminated.

Farmers Home Administration (FmHA) -- A USDA agency that provides credit at reasonable rates and terms for rural Americans unable to get credit from other sources. FmHA provides farm ownership loans to help farmers buy farms or land, repair buildings, or develop or conserve their land. Operating loans are extended to enable farmers to purchase equipment, livestock, and other inputs. Other loans include youth project loans and low-interest emergency loans. In addition, more than two-thirds of the agency's financial assistance is in the form of loan guarantees for commercial lenders who would not extend credit without a guarantee.

Farm labor contractor -- A person other than an agricultural employer, an *agricultural association*, or an employee of an agricultural employer or association who receives a fee for recruiting, soliciting, hiring, employing, furnishing, or transporting *migrant farmworkers* or *seasonal agricultural workers*.

Farm operator -- A person who operates a farm, either by working or supervising and by making the daily operating decisions. In the case of equal partners, the senior partner is considered the operator.

Farm-to-retail price spread -- A measure of all processing, transportation, wholesaling, and retailing charges incurred after products leave the farm. This figure accounts for about 70 percent of the retail cost of a *market basket* of U.S. farm foods sold in foodstores. The remaining 30 percent is *farm value*, or the payment for the raw product.

Farm value -- A measure of the prices farmers receive for the raw commodities equivalent to foods in USDA's *market basket*. The farm value is calculated by multiplying farm prices by the quantities of farm products equivalent to food sold at retail. For example, it takes 2.4 pounds of live animal to equal 1 pound of Choice grade beef. In 1988, therefore, the farm value of Choice grade beef selling for $2.55 was $1.47.

Farm value share -- A measure of the proportion farmers get from the amount consumers spend on the *market basket* of food purchased in retail foodstores. The farm value share reflects relative changes in farm and retail food prices. If farm prices increase more than retail, for instance, the farm value share will increase. Farm value shares vary greatly among foods. *Farm value* is a much larger percentage of foods with lower processing and marketing costs, such as meats, eggs, poultry, and dairy products.

Farmworker -- An individual, 14 years of age or older, who is employed on a farm either for cash wages or salary (hired farmworker), as a *farm operator*, or unpaid (not receiving a cash wage or salary, or receiving only a "token" cash allowance, room and board, or *payment-in-kind*).

Federal Agricultural Mortgage Corporation (Farmer Mac) -- An organization authorized by the Agricultural Credit Act of 1987 (see appendix) which creates a resale *(secondary) market* for agricultural mortgages, enabling lenders to obtain cash for further lending. The market links original borrowers and final investors. Mortgages from lenders are pooled into securities and sold on the capital market. Farmer Mac is fashioned after similar home mortgage secondary markets such as the Federal National Mortgage Association ("Fannie Mae"), the Government National Mortgage Association ("Ginnie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac").

Federal crop insurance -- A subsidized insurance program which provides farmers with a means of risk management and financial stability against crop production loss. The insurance is available for 50 different crops, varying by county. Participation in the program is often required for farmers to qualify for Federal emergency loans.

Federal Crop Insurance Corporation (FCIC) -- A Federal corporation within USDA that administers the *Federal Crop Insurance Program.*

Federal Food, Drug, and Cosmetic Act (FFDCA) -- An act, passed in 1938, as the basic food and drug law of the United States. The law is intended to ensure that foods are pure and wholesome, safe to eat, and produced under sanitary conditions; that drugs and devices are safe and effective for their intended uses; that cosmetics are safe and made from appropriate ingredients; and that all labeling and packaging is truthful, informative, and not deceptive. The *Food and Drug Administration* is responsible for enforcing the FFDCA.

Federal Grain Inspection Service (FGIS) -- A USDA agency that establishes official U.S. standards for 11 grains and other assigned commodities and administers a nationwide inspection system to certify those grades.

The agency is mandated by Congress to establish a nationwide system to ensure integrity in the inspection, weighing, and handling of U.S. grain. Under the Agricultural Marketing Act of 1946, FGIS is also responsible for inspection and weighing of rice, dry beans, peas, lentils, processed grain products, hops, and other assigned agricultural commodities. These voluntary services are paid for by the users.

Federal Insecticide, Fungicide, and Rodenticide Act of 1947 (FIFRA) -- Legislation administered by the Environmental Protection Agency (EPA) requiring registration of pesticide products to ensure that they meet stated health, safety, and environmental criteria. Amendments to the law require previously registered pesticides to be reregistered by 1997 to meet updated standards. Under the law, EPA can cancel registration of pesticides not meeting the required criteria, require label changes, or order immediate termination of use.

Federal marketing orders and agreements -- A means authorized by legislation for agricultural producers to promote orderly marketing and to collectively influence the supply, demand, price, or quality of particular commodities. The marketing order is requested by a group of producers, and must be approved by the Secretary of Agriculture and a required number of the commodity's producers (usually two-thirds). Conformance with the order's provisions is mandatory for all producers and handlers covered by the order. It may limit total marketings, prorate the movement of a commodity to market, or impose size and grade standards.

Federal milk marketing orders -- See Federal marketing orders and agreements and Class I, II, and III milk.

Federal Reserve System -- The independent central banking authority in the United States. It consists of 13 district banks and a centralized decisionmaking body, the Board of Governors. The Federal Reserve provides currency upon demand by member banks, provides check-clearing services, and regulates the money supply.

Feed grains -- Any of several grains most commonly used for livestock or poultry feed, including corn, grain sorghum, oats, rye, and barley.

Field work -- Work related to planting, cultivating, or harvesting operations which occurs in the field rather than in a processing plant or packing shed. Also includes work in nursery and mushroom-growing operations and similar planting, cultivating, and/or harvesting.

Findley loan rates -- An option available to the Secretary of Agriculture to improve U.S. competitiveness by lowering the *loan rate* up to 20 percent. Originally proposed by former Representative Paul Findley (R-IL) this provision was adopted in the *Food Security Act of 1985*. If the rate is reduced under the Findley provision, USDA may be required to make additional *deficiency payments* to producers to provide the same total return as if there had been no reduction. The Findley payment rate equals the statutory loan rate minus (1) the national weighted season average farm price for the *marketing year;* or (2) the announced loan level, whichever is higher. If the season average price is above the statutory loan rate, no Findley payments are required. The Continuing Appropriations Act for Fiscal Year 1987 includes Findley payments for the 1987 through 1990 crops under the $250,000 payment limitation.

Flood plains -- Lowland and relatively flat areas adjoining inland and coastal waters, including floodprone areas of islands. This land includes, at a minimum, those areas that are subject to a 1-percent or greater chance of flooding in any given year.

Food and Agriculture Organization (FAO) -- An agency of the United Nations system concerned with the distribution and production of food and agricultural products around the world. FAO is responsible for collecting, analyzing, and disseminating country data on food, agriculture, and rural affairs. The agency also offers technical assistance and operates training projects in many *developing countries*.

Food and Drug Administration (FDA) -- An agency of the U.S. Department of Health and Human Services that has the primary responsibility for assuring the safety and wholesomeness of the food supply. The agency also regulates drugs for humans or animals, cosmetics, and medical devices (see *Federal Food, Drug, and Cosmetic Act*).

Food and Nutrition Service (FNS) -- A USDA agency responsible for administering Federal food assistance programs, such as the *Food Stamp Program*, the *National School Lunch Program*, and the *Special Supplemental Food Program for Women, Infants, and Children*.

Food for Peace Program -- See P.L. 480.

Food grains -- *Cereal* seeds used for human food, chiefly wheat and rice.

Food Safety and Inspection Service (FSIS) -- A USDA agency that oversees food labeling and inspection. FSIS inspects all meat and poultry sold in interstate and foreign commerce and tests for drug and chemical residues.

Food Security Act of 1985 (P.L. 99-198) -- The omnibus food and agriculture legislation signed into law on December 23, 1985, that provides a 5-year framework for the Secretary of Agriculture to administer various agriculture and food programs. The act amends *permanent legislation*--the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 (see appendix)--for the 1986 through 1990 crop years.

Food Stamp Program (FSP) -- A program that helps low-income families improve their diets by providing them with coupons to purchase food at any authorized retail food store. The program began as a pilot operation in 1961 and was made part of *permanent legislation* in the Food Stamp Act of 1964 (see appendix).

Foreign Agricultural Service -- A USDA agency responsible for promoting U.S. agricultural exports and administering export assistance programs. The agency also collects foreign crop and market data.

Forest Service (FS) -- The largest USDA agency, responsible for managing and protecting the national forests and grasslands, cooperating in managing and protecting certain non-Federal lands, and conducting research in forestry and forest products utilization.

Forward contracting -- An agreement between a buyer and seller on price and other terms for trading a product or asset at a later date. A forward

contract sets the quantity, grade, time, and place of delivery, and establishes either a fixed price, a minimum or maximum price, or a formula for determining price in the future.

Free market -- A system in which the market forces of supply and demand determine prices and allocate available supplies. A free market approach in agriculture would eliminate price and income support programs and barriers to international trade.

Free trade -- Exchange of goods between countries with no *trade barriers* or restrictions such as *tariffs* or *import quotas*.

Futures -- Contracts which are legally binding commitments to deliver or take delivery of a given quantity and quality of a commodity at a specified price, during a specific month and at a specified location.

Futures contract -- A standardized fixed-price *forward contract* entered into on an exchange (organized center for trading in commodities). The contract is subject to all terms and conditions included in the rules of that exchange.

GATT -- See General Agreement on Tariffs and Trade.

General Agreement on Tariffs and Trade (GATT) -- An agreement, originally negotiated in Geneva, Switzerland, in 1947 among 23 countries including the United States, to increase international trade by reducing *tariffs* and other *trade barriers*. This multilateral agreement provides a code of conduct for international commerce. GATT also provides a framework for periodic *multilateral negotiations* on *trade liberalization* and expansion. The eighth and most recent round of negotiations began in Punta del Este, Uruguay, in 1986. Currently 105 nations are participating in the talks, including most of the industrialized market economies, most of the less developed countries, and several centrally planned economies in Eastern Europe.

Generalized System of Preferences (GSP) -- A policy that permits duty-free entry of certain imports from designated *developing countries*. Among other things, the GSP increases economic growth in developing countries, helps maintain favorable foreign relations with free world developing countries, and is a low-cost means of providing aid to developing countries.

Generally Recognized as Safe (GRAS) -- A category of food ingredients "grandfathered" as safe in the 1958 Food Additive Amendment to the *Federal Food, Drug, and Cosmetic Act*. These substances have been part of the food supply for many years. According to qualified experts and based on scientific procedures, they pose no threat to human safety. Few GRAS substances have been subjected to the extensive testing applied to new products. Such items as sucrose, salt, corn syrup, and dextrose are included on the GRAS list.

Generic advertising -- Promotion of a commodity without reference to the specific farmer, brand name, or manufacturer. Generic advertising has been used to overcome competition from other products, to increase awareness of lesser known products, and to alter negative opinions about a product. Dairy and beef promotion campaigns are examples. Overseas market development is also an application of generic advertising.

Generic commodity certificates -- Negotiable certificates, which do not specify a certain commodity, issued by USDA in lieu of cash payments to

commodity program participants and sellers of agricultural products. The certificates, frequently referred to as *payment-in-kind (PIK)* certificates, can be used to acquire stocks held as collateral on Government loans or owned by the *Commodity Credit Corporation*. Farmers have received generic certificates as payment for participation in numerous Government programs including *acreage reduction, paid land diversion,* the *Conservation Reserve Program, rice marketing loans, disaster,* and *emergency feed programs*. Grain merchants and commodity groups also have been issued certificates through the *Export Enhancement Program* and the *Targeted Export Assistance Program*.

Grade A milk -- Milk, also referred to as fluid grade, produced under sanitary conditions that qualify it for fluid (beverage) consumption. Only Grade A milk is regulated under *Federal milk marketing orders*.

Grade B milk -- Milk, also referred to as manufacturing grade, not meeting Grade A standards. Less stringent standards generally apply.

Grain Reserve Program -- See Farmer-Owned Reserve Program.

Gramm-Rudman-Hollings Deficit Reduction Act -- Common name for the Balanced Budget and Emergency Deficit Control Act of 1985 as amended in 1987 (P.L. 100-119). The law mandates annual reductions in the Federal budget deficit to eliminate it by 1993. If Congress and the President cannot agree on a targeted budget package for any specific fiscal year, automatic cuts could occur for almost all Federal programs. Social Security, interest on the Federal debt, veterans' compensation, veterans' pensions, Medicaid, Aid to Families with Dependent Children, the *Special Supplemental Food Program for Women, Infants, and Children,* Supplemental Security Income, *food stamps,* and the *child nutrition programs* are exempt from the cuts. The original Gramm-Rudman-Hollings law (P.L. 99-177) was declared unconstitutional in 1986.

Gross farm income -- Income which the farm sector realizes from farming. It includes cash receipts from the sale of farm products, Government payments, value of food and fuel produced and consumed on farms where grown, rental value of farm dwellings, and an allowance for change in the value of yearend inventories of crops and livestock.

Groundwater -- Water beneath the earth's surface between saturated soil and rock that supplies wells and springs (see *aquifers*).

H-2A temporary foreign workers -- Foreign workers who are authorized to work temporarily in *agricultural employment* in the United States and who have no intention of abandoning their home country.

Harvested acres -- Acres actually harvested for a particular crop. This figure is usually somewhat smaller at the national level than planted acres because of abandonment due to weather damage, other disasters, or market prices too low to cover harvesting costs.

Hedging -- The practice of buying or selling commodity futures or options contracts to establish positions opposite to a cash position in order to avoid risk of price variation. An example of hedging is a grain elevator that sells futures when a commodity is purchased and placed in storage to assure a future selling price. In turn, the elevator may later buy futures as the actual commodity is sold in order to ensure a future purchase price.

Highly erodible land -- Land that meets specific conditions primarily relating to its land/soil classification and current or potential rate of *erosion*. The classifications, developed by the *Soil Conservation Service*, are used to determine eligibility of land for the *Conservation Reserve Program*.

High-valued products -- Products which range from highly processed, *value-added* goods to unprocessed but relatively expensive foods on a per-unit or per-volume basis, such as eggs, fresh fruit, and vegetables.

Horizontal integration -- A single management that controls, either through voluntary agreement or ownership, two or more firms performing similar activities at the same level or phase in the production or marketing process.

Import barriers -- *Quotas*, *tariffs*, and *embargoes* used by a country to restrict the quantity or value of a good that may enter that country.

Import quota -- The maximum quantity or value of a commodity allowed to enter a country during a specified time period. A quota may apply to amounts of a commodity from specific countries.

Incentive payments -- Direct payments made to wool and mohair producers. Similar to *deficiency payments*, incentive payments are provided to producers when the *marketing year* is over if the average market price received is less than the support level. The support level is determined by a *cost-of-production* formula specified in legislation.

Income insurance -- A proposal for support of farmers' incomes that has been suggested as an alternative to existing programs. Income insurance would prevent income from falling below a specified level. Such insurance could protect farmers against many types of losses including crop failure, animal disease, low prices, or poor management.

Index of prices paid -- see Prices-paid index.

Index of prices received -- see Prices-received index.

Infrastructure -- The transportation network, communications systems, financial institutions, and other public and private services necessary for economic activity.

Integrated Pest Management -- The control of pests using an array of crop production strategies, combined with careful monitoring of insect pests or weed populations, and other methods. Some approaches include selection of resistant varieties, timing of cultivation, biological control methods, and minimal use of chemical pesticides so that natural enemies of pests are not destroyed.

Inter-American Institute for Cooperation in Agriculture (IICA) --An organization created by the Organization of American States to promote cooperation among the nations of the Western Hemisphere in agricultural research, training, and institution building.

Interest Payment Certificates -- A means available to the Secretary to refund interest charges on *nonrecourse price support loans*. The Secretary may provide a negotiable certificate, redeemable for *Commodity Credit Corporation*

commodities, to any producer who repays, with interest, a *price support* loan for wheat, feed grains, rice, or *upland* cotton.

Intermediate Export Credit Guarantee Program (GSM-103) -- A program established by the *Food Security Act of 1985* which complements the *Export Credit Guarantee Program (GSM-102)* but guarantees repayment of private credit for 3-10 years.

International Commodity Agreement -- Agreements by a group of countries that contain substantive economic provisions aimed at stabilizing world trade, supplies, and prices. The agreements may include quota agreement among exporters, a buffer stock system, and a multilateral contract between exporters and importers. The International Coffee Agreement, for example, was signed by 67 countries, including the United States, representing all of the world's major exporters and importers of coffee. Agreements have also been negotiated for dairy, olive oil, sugar, and wheat.

International Food Policy Research Institute (IFPRI) -- One of the international research centers supported by the *Consultative Group on International Agricultural Research* established to identify and analyze strategies and policies for meeting food needs in the world. The focus of IFPRI is the reduction of malnutrition and hunger in low-income countries.

International Fund for Agricultural Development (IFAD) -- An agency of the United Nations which finances agricultural development projects, primarily for food production in *developing countries*.

International trade barriers -- Regulations imposed by governments to restrict imports from, and exports to, other countries. *Tariffs, embargoes, import quotas,* and unnecessary sanitary restrictions are examples of such barriers.

International Trade Commission (ITC) -- An independent agency of the U.S. Government established in 1916 to monitor trade, provide economic analyses, and make recommendations to the President in cases of unfair trade practices. Interest groups, such as growers or trade associations, can petition the ITC to investigate the trade practices of other countries to determine whether "material harm" has been done to U.S. producers.

Inventory (CCC) --- The quantity of a commodity owned by the *Commodity Credit Corporation (CCC)* at any specified time. For example, about 123,000 bales of *upland cotton* were in CCC inventory on July 31, 1985.

Inventory reduction program -- Discretionary programs introduced in the *Food Security Act of 1985* to provide producers with *payments-in-kind (PIK)* if they reduce acreage by half the required reduction and agree to forgo loans and *deficiency payments*. The inventory reduction payments, also known as producer option payments, are computed in the same way as *loan deficiency payments*. Inventory reduction programs have not been implemented to date.

Irradiation -- The use of ionizing radiation on food to kill insects and micro-organisms that cause spoilage or human health problems. Irradiation provides an alternative, nonchemical substitute to some preservatives and post-harvest fumigants. In the United States, irradiation is legal for decontaminating spices, controlling trichinae in fresh pork, controlling insects in foods, and extending the shelf life of fruits and vegetables. Internationally, 30 countries allow irradiation of approved foods.

Irrigable land -- Land currently not irrigated, but either has project works constructed by the Bureau of Reclamation and available water, or the Bureau of Reclamation has existing plans to provide water.

Labor force participants -- Persons 16 years or older who, at any time during the year, worked for any period of time, looked for work, or were laid off from a job.

Land capability -- A measure of the suitability of land for use in agriculture without damage. In the United States, it usually expresses the effects of physical land conditions, including climate, on the total suitability for agricultural use without damage. Arable soils are grouped according to their limitations in sustained production of common cultivated crops without soil deterioration. Nonarable soils are grouped according to their limitations in the production of permanent vegetation and their risks of soil damage if mismanaged.

Land-grant universities -- State colleges and universities established on Federal Government grants of land to encourage further practical education in agriculture, homemaking, and the mechanical arts. The land-grant universities were established by the Morrill Acts of 1862 and 1890.

Legumes -- A family of plants, including many valuable food and forage species, such as peas, beans, soybeans, peanuts, clovers, alfalfas, and sweetclovers. Legumes can convert nitrogen from the air to nitrates in the soil through a process known as nitrogen fixation. Many of the nonwoody species are used as cover crops and are plowed under for soil improvement.

Less developed countries (LDC's) -- See developing countries.

Loan deficiency payments -- A provision of the *Food Security Act of 1985* giving the Secretary of Agriculture discretionary authority to provide payments to producers who, although eligible to obtain loans, agree not to obtain loans for 1986-90 crops of wheat, *feed grains*, *upland cotton*, and rice. The payment is determined by multiplying the loan payment rate by the amount of commodity eligible for loan. The loan payment rate per bushel is the announced loan level minus the repayment level used in the marketing loan. The amount of the commodity eligible for the loan deficiency payment is determined by multiplying the individual farm program crop acreage by farm program payment yield. This program has not been implemented to date.

Loan rate -- The price per unit (bushel, bale, pound, or hundredweight) at which the Government will provide loans to farmers enabling them to hold their crops for later sale.

Low-input sustainable agriculture (LISA) -- Alternative methods of farming that reduce the application of purchased inputs such as fertilizer, pesticides, and herbicides. The goals of these alternative practices are to diminish environmental hazards while maintaining or increasing farm profits and productivity. Methods include *crop rotations* and mechanical cultivations to control weeds; *integrated pest management* strategies such as introducing harmless natural enemies; planting *legumes* that transform nitrogen from the air into a form plants can use; application of livestock manures, municipal sludge, and compost for fertilizer; and overseeding of legumes into maturing fields of grain crops, or as postseason cover crops to reduce soil *erosion*.

Macroeconomic policies -- Policies affecting the general economic environment in which the total economy, or a sector such as agriculture operates. Examples include monetary policies that directly affect interest rates, money, and credit flows in financial markets, and fiscal policies that involve spending and taxation.

Mandatory supply controls -- A program which would prohibit farmers from producing or selling more than specified amounts of certain commodities without penalty. All producers of any controlled commodity would be required to participate, with fines or other legal penalties used to enforce restrictions.

Margin call -- A request from a commodity or brokerage firm to a customer for additional funds to set aside to ensure performance of the contract (margin) when the customer's equity is diminished by price movements.

Market basket of farm food -- Statistics used to track price changes for commodities farmers sell and the foods consumers buy in retail foodstores. The market basket contains the average quantities of domestically produced food for at-home consumption purchased in a base period. It does not include fish, foods purchased in away-from-home eating establishments, or foods primarily imported, such as coffee, tea, cocoa, and bananas.

Marketing bill -- An estimate of the total charge for marketing all U.S. farm foods, including those consumed in restaurants and other eating places and those bought in retail stores. The figure is calculated as the difference between total civilian expenditures for these foods (total food dollar), and total *farm value*. Marketing bill statistics are affected by changes in prices, volume, types of products marketed, and the quantity of marketing services per unit of product.

Marketing board -- A major form of government involvement by other countries to control the marketing of a commodity. These boards generally handle all export sales for the commodity. They may administer provisions to guarantee farmers a minimum price each year based on the *cost of production* or provide an initial minimum price with supplemental payments later based on export sales. Boards may oversee a *two-price plan* in which domestic prices differ from the export price. Canada and Australia use marketing boards for selected grains, and Australia operates a wool marketing board.

Marketing certificate -- A certificate which may be redeemed for a specified amount of *Commodity Credit Corporation* commodities. Such certificates may be generic or for a specific commodity.

Marketing loan program -- A program authorized by the *Food Security Act of 1985* that allows producers to repay *nonrecourse price support loans* at less than the announced *loan rates* whenever the world price for the commodity is less than the loan rate. Under the act, the programs are mandatory for *upland cotton* and rice, and discretionary for wheat, feed grains, and soybeans. To date, the discretionary programs have not been implemented.

Marketing order -- See Federal marketing order.

Marketing quota -- Quotas authorized by the Agricultural Adjustment Act of 1938 (see appendix) to regulate the marketing of some commodities when supplies are or could become excessive. A quota represents the quantity USDA

estimates to be required for domestic use and exports during the year. Marketing quotas are binding upon all producers if two-thirds or more of the producers holding allotments for the production of a crop vote for quotas in a *referendum*. When marketing quotas are in effect, growers who produce more of a commodity than their farm *acreage allotments* should yield are subject to marketing penalties on the "excess" production and are ineligible for Government price-support loans. Quota provisions have been suspended for wheat, *feed grains*, and cotton since the 1960's; rice quotas were abolished in 1981. Poundage quotas are still used for domestically consumed peanuts, but not for exported peanuts. Marketing quotas are also used for major types of tobacco.

Marketing year -- Generally, the period from the beginning of a new harvest through marketing.

Market news service -- A Federal-State effort to report information on prices, supply, and demand for most agricultural commodities. The market news service is provided by USDA's *Agricultural Marketing Service* in cooperation with agencies in 44 States, the District of Columbia, and 3 territories.

Maximum Acceptable Rental Rates (MARR) -- Rental rate guidelines for designated areas eligible for the *Conservation Reserve Program (CRP)* as determined by the *Agricultural Stabilization and Conservation Service (ASCS)*. Producers' applications for the CRP can be accepted if the yearly rental payment they would require (rental bid) does not exceed the established MARR.

Metropolitan Statistical Area (MSA) -- A county or group of contiguous counties which contain at least one city of 50,000 inhabitants or more, or twin cities with a combination of at least 50,000. Contiguous counties also are included in an MSA if, according to certain criteria, they are socially and economically integrated with the central city.

Migrant farmworker -- A person who travels across State or county boundaries to do agricultural work of a seasonal or other temporary nature, and who is required to be absent overnight from his or her permanent place of residence. Exceptions are immediate family members of an agricultural employer or a farm labor contractor, and *H-2A temporary foreign workers*.

Milk Diversion Program -- A program in which producers signed contracts to reduce their milk marketing by 5 to 30 percent from levels of a specified base period. In return, they received payments from USDA of $10 per hundredweight. Participating producers could only sell their dairy cattle for slaughter or to another producer in the program. The program ran from January 1984 through March 1985.

Milk Production Termination Program -- A program, often called the Dairy Termination Program or the Whole-Herd Buyout, authorized by the *Food Security Act of 1985*. The program was designed to reduce milk production. Producers whose bids were accepted by the Secretary of Agriculture agreed to slaughter or export all female dairy cattle, have no interest in milk production or dairy cattle for 5 years, and not to use their facilities for those purposes during that time. The program was in effect from April 1, 1986, through September 30, 1987. During that period, 1.6 million dairy cows were removed from production.

Minnesota-Wisconsin (M-W) Price -- Average price per hundredweight paid to farmers for *Grade B milk* in Minnesota and Wisconsin as estimated by USDA. The M-W price provides the basis for minimum class prices under the *Federal milk marketing orders*. The *Class III milk* price, for example, is set equal to the M-W price, while the *Class II milk* price uses a product price formula to update the M-W price and is generally about 10 cents higher than the Class III price.

Most-favored nation (MFN) -- Agreements between countries to extend the same trading privileges to each other that they extend to any other country.

Multilateral trade negotiations -- Discussions of trade issues involving three or more countries. An example is the *General Agreement on Tariffs and Trade* which serves as a forum for intergovernmental tariff negotiations.

National Agricultural Library (NAL) -- A national public library that provides information on agriculture and related subjects, and is a coordinator and primary resource for State land-grant and field libraries. The NAL is operated by USDA.

National Agricultural Statistics Service (NASS) -- USDA agency that conducts surveys and publishes reports detailing production and prospects for crops, livestock, dairy, and poultry. NASS also provides data on stocks, prices, labor, weather, and other information of interest to farmers, ranchers, and others associated with agriculture.

National Center for Food and Agricultural Policy (NCFAP) -- A research center which studies interrelated national public policy issues involving agriculture, food, nutrition, international trade, natural resources, and the environment. The NCFAP was established by Resources for the Future, an independent nonprofit research and educational organization.

National farm program acreage -- The number of *harvested acres* of *feed grains*, wheat, *upland cotton*, and rice needed nationally to meet domestic and export use and to accomplish any desired increase or decrease in *carryover* levels. Program acreage for an individual farm is based on that farm's share of the national farm program acreage.

National grassland -- Land with mainly grass and shrub cover administered by the Forest Service as part of the National Forest System for promotion of grassland agriculture, *watersheds*, grazing, wildlife, and recreation.

National School Lunch Program (NSLP) -- The oldest and largest child-feeding program which provides financial and commodity assistance for meal service in public and nonprofit private high schools, grade schools, and under, as well as public and private licensed nonprofit residential child-care institutions. All children may participate in the NSLP. Based on household income poverty guidelines, a child may receive a free, reduced-price, or full-price meal.

Net cash-flow -- A financial indicator that measures cash available to the farm sector in a given year. It indicates the ability to meet current obligations and provide for family living expenses. Net cash-flow is calculated as the sum of gross cash income, the change in loans outstanding, net rent to nonoperator landlords, and the net change in farmers' currency and demand deposits; minus gross cash expenses and gross capital expenditures.

Net cash income -- An income measure based on actual receipts and expenses in a given year, regardless of the year in which the marketed output was produced. It indicates the availability of funds to cover cash operating costs, finance capital investment and savings, service debts, maintain living standards, and pay taxes. Net cash income equals the difference between gross cash income received (cash receipts, farm-related income, and direct Government payments) minus the cash expenses incurred during a calendar year.

Net farm income -- A measurement of the profit or loss associated with a given year's production. It is an approximation of the net value of agricultural production, regardless of whether the commodities were sold, fed, or placed in inventory during the year. Net farm income equals the difference between gross farm income and total expenses. Net farm income includes nonmoney items such as depreciation, the consumption of farm-grown food, and the net imputed rental value of operator dwellings. Additions to inventory are treated as income.

Noncompetitive imports -- Agricultural products purchased from foreign countries because they cannot be grown profitably on a large scale in the United States. These products include coffee, cocoa, rubber, and bananas. Also referred to as complementary imports.

Nonfarm income -- See Off-farm income.

Nonpoint-source pollution -- Pollutants that cannot be traced to a specific source, such as storm water runoff from urban and agricultural areas.

Nonprogram crops -- Crops, such as potatoes, vegetables, fruits, and hay, that are not included in Federal *price support programs*.

Nonrecourse loans -- The major *price support* instrument used by the *Commodity Credit Corporation (CCC)* to support the price of wheat, *feed grains*, cotton, honey, peanuts, tobacco, rice, and sugar. Farmers who agree to comply with all commodity program provisions may pledge a quantity of a commodity as collateral and obtain a loan from the CCC. The borrower may elect either to repay the loan with interest within a specified period and regain control of the collateral commodity, or default on the loan. In case of a default, the borrower forfeits without penalty the collateral commodity to the CCC. The loans are nonrecourse because the Government has no option (or recourse) but to accept forfeiture as full satisfaction of the loan obligation, including the accumulated interest, regardless of the price of the commodity in the market at the time of default.

Nontariff trade barriers -- Regulations used by governments to restrict imports from, and exports to, other countries. *Embargoes*, *import quota*, and unnecessary sanitary restrictions are examples of such barriers.

Normal crop acreage -- The acreage on a farm normally devoted to a group of designated crops.

Normal yield -- A term designating the average historical yield established for a particular farm or area. Normal production is calculated as the normal acreage harvested of a commodity multiplied by the normal yield.

Office of International Cooperation and Development (OICD) -- A USDA agency that coordinates agricultural training and research programs carried out in cooperation with other nations.

Office of Technology Assessment (OTA) -- A nonpartisan support agency serving Congress established in 1972 to provide analysis of the many impacts of technological developments, including the social, biological, and economic effects.

Office of Transportation (OT) -- A USDA agency created in 1978 to handle transportation concerns and issues affecting farmers and rural communities. OT represents agricultural interests on transportation matters before regulatory agencies, and performs related research and other activities.

Off-farm income -- A figure that includes all income from nonfarm sources received by farm operator households.

Offsetting compliance -- A program that requires that a producer participating in a *paid land diversion* or *acreage reduction program* must not offset that reduction by planting more than the *acreage base* for that crop on another farm under the same management control. Offsetting compliance provisions were used as recently as the late 1970's. The *Food Security Act of 1985* gives the Secretary of Agriculture the authority to require offsetting compliance in wheat and feed grains, but explicitly prohibits it for cotton and rice.

Oilseed crops -- Primarily soybeans, peanuts, cottonseed, sunflower seeds, and flaxseed used for the production of edible and/or inedible oils, as well as high protein meals. Other oil crops include rapeseed, safflower, castor beans, and sesame.

Options -- A market institution that gives the holder the right, but not the obligaton, to buy or sell contracts at a specified price, particularly standardized *commodity options* contracts traded on an exchange. Options provide farmers with (1) downside price protection; (2) limited exposure to cash losses with brokers (there are no *margin calls*); and (3) the opportunity to profit from a "bull market." Options provide farmers with many new *forward* pricing (*contracting*) alternatives.

Organic farming -- A production system that completely or mostly excludes the use of synthetically compounded fertilizers, pesticides, or growth regulators. Instead, crop residues, animal manures, *legumes*, green manure, off-farm organic wastes, mechanical cultivation, mineral-bearing rocks, and aspects of biological pest control are used to maintain soil productivity, supply plant nutrients, and control insects, weeds, and other pests.

Organization for Economic Cooperation and Development (OECD) -- An organization founded in 1961 to promote economic growth, employment, a rising standard of living, and financial stability; to assist the economic expansion of member and nonmember *developing nations;* and to further expand world trade. The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Packers and Stockyards Administration -- A USDA agency responsible for enforcing the Packers and Stockyards Act, which prohibits unlawful and

deceitful employment practices as well as unfair business practices in the livestock, meat, and poultry trade.

Paid land diversion -- A program that offers payments to producers for reduction of planted acres of a *program crop*, if the Secretary of Agriculture determines acres planted should be reduced. Farmers are given a specific payment per acre to idle a percentage of their *crop acreage base*. The idled acreage is in addition to an *acreage reduction program*.

Parity index -- See Prices-paid index.

Parity price -- A measurement of the purchasing power of a unit (bushel, hundredweight) of farm product. Parity was originally defined as the price that gives a unit of a commodity the same purchasing power today as it had in the 1910-14 base period. In 1948, the parity price formula was revised to allow parity prices for individual commodities to reflect a more recent relationship of farm and nonfarm prices by making the base price dependent on the most recent 10-year average price for commodities. Except for wool, mohair, and certain minor tobaccos, parity is not currently used to set price-support levels for any program commodities. However, parity remains part of *permanent legislation*.

Parity ratio -- A measure of the relative purchasing power of farm products. It is the ratio between the *index of prices received* by farmers for all farm products and the *index of prices paid* by farmers for commodities and services used in farm production and family living. The parity ratio measures relationships between prices received and prices paid.

Payment-in-kind (PIK) -- A payment made to eligible producers in the form of an equivalent amount of commodities owned by the *Commodity Credit Corporation*. Payments-in-kind were first used in the 1930's to reduce government-held surpluses of cotton. A PIK program in 1983 offered surplus agricultural commodities owned by the Government in exchange for agreements to reduce production by cutting crop acreage.

Payment limitation -- The maximum amount of commodity program benefits a person can receive by law. The payment limitation was first imposed by the Agricultural Act of 1970 (see appendix). A $50,000 per person payment limitation was established in 1981 and applies to *direct payments* to wheat, feed grain, cotton, and rice producers. The limit does not include the value of loans received, any gain realized from a *marketing loan*, *deficiency payments* made as a result of lowering the basic *loan rate* (see *Findley loan rate*), *inventory reduction payments*, or benefits received as a result of cost reduction actions by the Secretary. The Budget Reconciliation Act of 1987 defined persons as individuals, members of joint operations, or entities such as limited partnerships, corporations, associations, trusts, and estates that are actively engaged in farming. The law also placed a $250,000 limit on total program payments for 1987 through 1990 crops. The excluded programs mentioned above, as well as honey, are also subject to the $250,000 limit.

Per capita income -- The mean income computed for each individual in a particular group. It is calculated by dividing the total income of a particular group by the total population in that group.

Permanent legislation -- Legislation that would be in force in the absence of all temporary amendments and temporarily suspended provisions. The

Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 (see appendix) serve as the principal laws authorizing the major commodity programs. These laws are frequently amended--provisions are added, suspended, and repealed. For the past several decades, periodic omnibus agriculture acts have provided for specific fixed-period commodity programs by adding temporary amendments to these laws, and suspending conflicting provisions of those laws for the same period. The temporarily suspended provisions of the 1938 and 1949 acts go back into effect if current amendments lapse and new legislation is not enacted.

Permitted acreage -- The maximum acreage of a crop which may be planted for harvest by a program participant. The permitted acreage is computed by multiplying the crop acreage base by the acreage reduction program requirement (announced by the *Commodity Credit Corporation* each year) minus the diversion acreage (if applicable). For example, if a farm has a crop acreage base of 100 acres and a 10-percent acreage reduction (ARP) is required, the permitted acreage is 90 acres.

PIK and Roll -- A procedure by which producers attempt to profit from situations where certificate exchange values (posted county prices) are below *nonrecourse loan rates*. With this procedure, a producer places the eligible commodity under *nonrecourse loan* at the *loan rate*, and uses *generic certificates* to exchange for *Commodity Credit Corporation* commodities. If the posted county price is below the nonrecourse loan rate, then the producer is able to acquire the quantity placed under loan for less than the proceeds of the nonrecourse loan, in addition to saving interest and storage charges.

Point source pollution -- Pollutants that can be traced to a specific source, such as a factory smokestack or chemical spill.

Poverty status -- Status of families and unrelated individuals whose annual income falls below an income cutoff or "poverty threshold." These cutoffs vary by family size, number of children, and age of the household head. Poverty thresholds are updated each year to reflect changes in the Consumer Price Index.

Prevented planting disaster payments -- Payments made to eligible producers to compensate them for being unable to plant any portion of the acreage intended for wheat, feed grains, rice, or *upland cotton* because of a natural disaster (such as drought or flood) or other condition beyond the producer's control. Producers are not eligible for prevented planting disaster payments if prevented planting crop insurance is available in their county.

Prices-paid index -- An indicator of changes in the prices farmers pay for goods and services used for producing farm products and those needed for farm family living. In addition to prices paid for inputs like fertilizer, the index includes interest, taxes, and farm wage rates. It is referred to as the *Parity Index* when 1910-14 is used as the base period.

Prices-received index -- A measure computed on the basis of prices farmers received for their products at the point of the first sale (usually the farm or local market).

Price support programs -- Government programs that aim to keep farm prices received by participating producers from falling below specific minimum levels. Price support programs for major commodities are carried out by

providing loans to farmers so that they can store their crops during periods of low prices. The loans can later be redeemed if commodity prices rise sufficiently to make the sale of the commodity on the market profitable, or the farmer can forfeit the commodity to the *Commodity Credit Corporation (CCC)*. In the latter case, the commodity is stored and is not available to the market until prices rise above statutory levels that allow the CCC to sell the commodities.

Producer -- A person who, as owner, landlord, tenant, or *sharecropper*, is entitled to a share of the crops available for marketing from the farm, or a share of the proceeds from the sale of those commodities.

Producer subsidy equivalents (PSE's) -- An economic concept used to estimate the effect of government policy by measuring the amount of the cash subsidy or tax needed to hold farmers' incomes at current levels if all government agricultural programs were removed. PSE's and *Consumer Subsidy Equivalents (CSE's)* are used to compare different policy tools and their effects on farmer revenue and consumer costs across countries. As a result, most *General Agreement on Tariffs and Trade (GATT) trade liberalization* proposals hinge on the use of measures such as PSE's and CSE's in negotiating lower protection levels.

Production controls -- Any Government program or policy intended to limit production. These programs or policies have included *acreage allotments, acreage reduction, set-aside, paid land diversion,* quantity and acreage *marketing quotas, payment-in-kind,* production termination, and *soil bank*.

Production Credit Associations -- Lending groups in the *Farm Credit System,* cooperatively owned by their farmer-borrowers, which provide short- and intermediate-term loans for up to 10 years from funds obtained from investors in the money markets.

Production expenses -- Total cash outlays for production. Capital expenses are figured on annual depreciation rather than on yearly cash outlays for capital items.

Productive capacity -- The amount of goods which could be produced if all the resources currently available were fully employed using the best available technology. Productive capacity increases whenever the available resources increase or the productivity of those resources increases.

Productivity -- The relationship between the quantity of inputs (land, labor, tractors, or feed, for example) employed and the amount of output produced. An increase in productivity means that more output is produced with equal or reduced inputs. Both single-factor and multifactor indexes are used to measure productivity. Single-factor measures examine the output per unit of one input at the same time other inputs may be changing. Examples of single-factor measures include crop yield per acre, output per workhour, and livestock production per breeding animal. Multifactor productivity indexes consider all productive resources as a whole, netting out the effects of substitution among inputs. The "Total Farm Output per Unit of Input" index is a multifactor measure.

Program costs -- These costs may be either (1) gross or net expenditures of the *Commodity Credit Corporation* on a commodity or all commodities during a fiscal year or other period; (2) the realized loss on disposition of a

commodity, plus other related net costs during a fiscal year or other period; or (3) the net costs attributed to a particular year's crop of a commodity during the *marketing year* for that commodity.

Program crops -- Crops for which Federal support programs are available to producers. These crops include wheat, corn, barley, grain sorghum, oats, rye, *extra-long staple* and *upland cotton*, rice, soybeans, tobacco, peanuts, sugar, wool and mohair, honey, and milk.

Program slippage -- See Acreage slippage.

Program yield -- The farm commodity yield of record determined by a procedure outlined in legislation. Under the *Food Security Act of 1985*, for example, program yields were found by averaging the yield for the program 1981-85 crops, dropping the high and low years. Program yields were constant for the 1986-90 crops. The farm program yield applied to eligible acreage determines the level of production eligible for *direct payments* to producers.

Protectionism -- A *tariff* or *import quota*, for example, imposed by a country in response to foreign competition, in order to protect domestic producers.

Public Law 480 (P.L. 480) -- Common name for the Agricultural Trade Development and Assistance Act of 1954, which seeks to expand foreign markets for U.S. agricultural products, combat hunger, and encourage economic development in developing countries. Title I, also called the Food for Peace Program, makes U.S. agricultural commodities available through long-term dollar credit sales at low interest rates for up to 40 years. Donations for emergency food relief are provided under title II. Title III authorizes "food for development" projects.

Quota -- See Export allocation, Marketing quota, and Import quota.

Rangeland -- Land which is predominantly grasses, grasslike plants, or shrubs suitable for grazing and browsing. Rangeland includes natural grasslands, savannahs, many *wetlands*, some deserts, tundra, and certain shrub communities. It also includes areas seeded to native or adapted introduced species that are managed like native vegetation.

Reduced yield disaster payments -- Payments made to eligible producers in compensation for reduced harvests because of a natural disaster. Producers of wheat, feed grains, peanuts, soybeans, and sugar are eligible if the total quantity harvested is less than 60 percent of the farm's established *program yield* times the acreage actually planted to the affected commodity. Rice and cotton farmers are eligible for disaster payments if the total quantity of crop harvested is less than 75 percent of the farm's established program yield. Producers are not eligible for reduced yield disaster payments if reduced yield crop insurance is available in their county.

Referendum -- The referral of a question to voters to be resolved by balloting. For example, *marketing quotas* and *acreage allotments* have been subject to producer referenda.

Renewable natural resources -- Resources such as forests, rangeland, soil, and water that can be restored and improved.

Reopening signup payments -- *Payments-in-kind* made to producers participating in a production control or loan program to encourage additional planted acreage to be diverted prior to harvest. The Secretary has the option to reopen signup and accept bids from producers willing to divert additional acreage if domestic or world supply or demand conditions change substantially after normal signup, resulting in burdensome and costly surpluses.

Replenishment agricultural worker (RAW) program -- A provision of the Immigration Reform and Control Act of 1986 allowing *farmworkers* to enter the United States between 1990-93 to replace newly eligible *special agricultural workers (SAW)* who might have shifted to other occupations if there were a shortage of workers to produce and harvest "perishable" crops. Replenishment agricultural workers are required to work in crops included under the SAW program for at least 90 worker-days (defined as a person working at least 4 hours a day) a year in each of the first 3 years of residency in order to remain in the United States and become permanent residents. If they continue to work 90 worker-days in the covered crops for 2 additional years, they can qualify for U.S. citizenship.

Resources -- The available means for production, including land, labor, and capital.

Retaliation -- Action taken by one country against another for imposing a *tariff* or other *trade barrier*. Forms of retaliation include imposing a higher tariff, import restrictions, or withdrawal of previously agreed upon trade concessions. Restrictive trade action by one country entitles the harmed nation to take counter action, according to the *General Agreement on Tariffs and Trade*.

Rural -- A concept defining an area that has a population of fewer than 2,500 inhabitants and is outside an *urban* area. A rural area does not apply only to farm residences or to sparsely settled areas, since a small city or town is rural as long as it meets the above criteria.

Rural Electrification Administration (REA) -- A USDA agency that assists rural electric and telephone utilities in obtaining financing. The REA was established in 1935.

School Breakfast Program (SBP) -- Authorized in 1975, the SBP provides financial and commodity assistance to schools that agree to serve nourishing breakfasts according to USDA meal patterns. Meals are offered free or at reduced or full prices, depending on the child's family income.

Seasonal agricultural worker -- A person who is employed in agricultural work of a seasonal or other temporary nature and is not required to be absent overnight from his or her permanent place of residence.

Secondary markets for agricultural loans -- See Federal Agricultural Mortgage Corporation.

Section 22 -- A section of the Agricultural Adjustment Act of 1933 (P.L. 73-10) (see appendix) that authorizes the President to restrict imports by imposing *quotas* or fees if the imports interfere with Federal *price support programs* or substantially reduce U.S. production of products processed from farm commodities.

Section 32 -- A section of the Agricultural Act Amendment of 1935 (P.L. 74-320) (see appendix) which authorizes use of customs receipts funds to encourage increased consumption of agricultural commodities by means of purchase, export, and diversion programs. Section 32 is funded by a continuing appropriation of 30 percent of the import duties imposed on all commodities, both agricultural and nonagricultural. Domestic acquisition and donations constitute the major use of section 32.

Section 201 -- Part of the U.S. Trade Act of 1974 that allows the President to provide relief to industries hurt by competing imports. Growers or trade associations must petition the *International Trade Commission* to investigate complaints of trade practices.

Section 301 -- A provision of the U.S. Trade Act of 1974 that allows the President to take appropriate action to persuade a foreign government to remove any act, policy, or practice that violates an international agreement. The provision also applies to practices of a foreign government which are unjustified, unreasonable, or discriminatory, and which burden or restrict U.S. commerce.

Section 416 -- A section of the Agricultural Act of 1949 (see appendix) intended to dispose of agricultural commodities to prevent waste. It permits donations of agricultural products to public and private nonprofit humanitarian organizations, foreign governments, and international organizations.

Sediment -- Soil particles deposited by water.

Set-aside -- A voluntary program to limit production by restricting the use of land. Such a program restricts a farmer's total cropland base used for production rather than the acres used to produce a specific crop (as is the case with *acreage reduction programs*). Introduced in 1970, set-asides may be implemented at the discretion of the Secretary of Agriculture, but have not been offered since 1979. When a set-aside program is in effect, the total of the planted acreage of the designated crops and the set-aside acreage cannot exceed the *normal crop acreage*. Producers must comply to be eligible for commodity loan programs or *deficiency payments*.

Sharecropper -- A tenant who accepts a portion of crops, livestock, or livestock products from the landowner as payment for labor. The landowner often extends credit to and closely supervises the tenant. The sharecropper generally supplies only labor.

Silage -- Usually corn, sorghum, or various *legumes* and grasses that have been preserved in moist, succulent condition by partial fermentation in a silo or other tight container above or below the ground. Silage is mainly used as cattle feed.

Skip-row planting -- Planting in uniform spaces one or more rows to a commodity (especially dryland cotton), then skipping one or more rows to leave them empty.

Sodbuster -- A provision of the *Food Security Act of 1985* designed to discourage the conversion of *highly erodible land* from extensive conserving uses to intensive agricultural production. If highly erodible grassland or woodland is used for crop production without appropriate conservation

measures, producers may lose eligibility for several USDA programs. Sodbuster applies to highly erodible land that was not planted to annually tilled crops during 1981-85.

Soil Bank -- A program mandated by the Soil Bank Act of 1956 to decrease the supply of agricultural products by reducing the amount of land used in crop production. The program was also initiated to establish and maintain protective vegetative cover or other needed *conservation practices*. Land was retired for 3, 5, or 10 years to a specified type of use, such as grass, trees, or water impoundments. The official name of the "Soil Bank" was the Conservation Reserve Program. The program was voluntary and participating farmers agreed to comply with any acreage allotments on the farm and to reduce total cropped acreage by the amount of land placed in the reserve. The Soil Bank Act was repealed by the Food and Agriculture Act of 1965 (see appendix).

Soil Conservation Service (SCS) -- A USDA agency responsible for developing and carrying out national soil and water programs in cooperation with landowners, operators, and others.

Soil erosion tolerance values (T-values) -- The maximum rate of *erosion* under which a high level of crop production can be maintained indefinitely. Soil maintains its crop productivity when erosion does not exceed the T-value. The T-value for 71 percent of U.S. cropland is 5 tons per acre per year (t/a/yr), while some cropland's T-value is as low as 1 t/a/yr.

Special agricultural worker (SAW) program -- A provision of the Immigration Reform and Control Act of 1986 allowing illegal aliens who had performed farmwork in perishable commodities to become temporary resident aliens under the following conditions:

- Worked for at least 90 worker-days (a person working at least 4 hours a day) during each of the years ending May 1, 1984, 1985, and 1986, and resided in the United States for at least 6 months in each of the 12-month periods. These workers can receive permanent resident status 1 year after legalization applications have been filed. Up to 350,000 qualified workers can enter the United States under this certification agreement.

- Worked 90 worker-days between May 1, 1985, and May 1, 1986, while meeting a liberal residence requirement. These workers can receive permanent resident status 2 years after filing applications. An unlimited number of workers will be allowed to enter the United States under this requirement.

The application period for both classifications of workers must have been completed between June 1, 1987, and November 30, 1988. Once workers have received temporary resident status, they no longer must remain in agriculture.

Special Milk Program (SMP) -- A program to encourage childrens' milk consumption by reimbursing participating schools and institutions for part of the cost of all milk served. Children who qualify for free meals under the *National School Lunch* and *School Breakfast programs* receive free milk. All other children pay for milk at reduced prices.

Special Supplemental Food Program for Women, Infants, and Children (WIC) -- A program created in 1972 to provide food assistance to people determined by

local health professionals to be at nutritional risk due to inadequate income and nutrition. Categories of eligibility include pregnant women, post partum mothers (up to 6 months), breastfeeding mothers (up to 12 months), and infants and children up to 5 years old. Local WIC agencies provide participants with either vouchers redeemable for specified foods at participating retail food stores or with a food package prepared according to Federal guidelines.

Spot -- Characteristic of being available for immediate delivery or near-immediate delivery. It usually refers to immediate payment for a commodity for immediate delivery.

Spot market -- Market in sales contracts for immediate delivery or delivery within a few days.

Stripcropping -- The technique of growing crops in a systematic arrangement of strips or bands to serve as vegetative barriers to wind and water *erosion*.

Subsidy -- A direct or indirect benefit granted by a government for the production or distribution (including export) of a good. Examples include any national tax rebate on exports; financial assistance on preferential terms; financial assistance for operating losses; assumption of costs of production, processing, or distribution; a differential export tax or duty exemption; domestic consumption quota; or other method of ensuring the availability of raw materials at artificially low prices. Subsidies are usually granted for activities considered to be in the public interest.

Subsistence farm -- A farm where the emphasis is on production for use of the operator and the operator's family rather than for sale.

Summer Food Service Program (SFSP) -- A program which provides meal service to children from areas where poor economic conditions exist. Sponsors must qualify by operating programs in areas where at least one-third of the children would qualify for free or reduced-price meals under the *National School Lunch Program* and the *School Breakfast Program*, or they must provide meals as part of an organized program for children enrolled in camps.

Supply control -- The policy of changing the amount of acreage permitted to be planted to a commodity or the quantity of a commodity allowed to be sold by a program participant. Supply control is used to maintain a desired *carryover* or price level. (See also *Mandatory supply controls*, *Acreage Reduction Program*, and *Set-aside*.)

Sustainable agriculture -- See Low-input sustainable agriculture.

Swampbuster -- A provision of the *Food Security Act of 1985* that discourages the conversion of natural *wetlands* to cropland use. Producers converting a wetland area to cropland may lose eligibility for several USDA program benefits. The exceptions include conversions that began before December 23, 1985, conversions of wetlands that had been created artificially, crop production on wetlands that became dry through drought, and conversions that the *Soil Conservation Service* has determined have minimal effect on wetland values.

Targeted Export Assistance Program (TEA) -- A program authorized by the *Food Security Act of 1985* which assists U.S. producer groups or regional organizations whose exports have been adversely affected by a foreign

government's policies. TEA promotes exports of specific American commodities or products in specified markets. Under the program, eligible participants receive *generic certificates* in payment for promotional activities approved by the Secretary of Agriculture.

Target option program -- A program, implemented at the Secretary's discretion, in which wheat producers have the option of choosing from a schedule of *target prices* and corresponding *acreage reduction* levels. This program, authorized by the *Food Security Act of 1985*, has never been implemented.

Target price -- A price level established by law for wheat, corn, sorghum, barley, oats, rice, and *upland* and *extra-long staple cotton*. Farmers participating in the Federal commodity programs receive the difference between the target price and either the market price during a period prescribed by law or the *loan rate*, whichever is higher. (See *Deficiency payments* and Loan rate).

Tariffs -- Taxes imposed on commodity imports by a government. A tariff may be either a fixed charge per unit of product imported (specific tariff) or a fixed percentage of value (ad valorem tariff).

Temporary Emergency Food Assistance Program (TEFAP) -- A program established in 1983 to allow donation of commodities owned by the *Commodity Credit Corporation* to States in amounts relative to the number of unemployed and needy persons. The food is distributed by charitable organizations to eligible recipients.

Thrifty Food Plan (TFP) -- The least costly of four food plans (thrifty, low-cost, moderate-cost, and liberal cost) developed by USDA's Human Nutrition Information Service. The plan suggests the amounts of food that could be consumed by males and females of different ages to meet dietary standards. The TFP for a family of four (man and woman, 20-54 years old; children, ages 6-8 and 9-11 years) by law constitutes the basis for allotments to households participating in the *Food Stamp Program*. The cost of the TFP for the family of four is the maximum benefit level payable to any household of four.

Trade barriers -- Regulations used by governments to restrict imports from, and exports to, other countries. Examples include *tariffs*, *nontariff barriers*, *embargoes*, and *import quotas*.

Trade liberalization -- A term which describes the complete or partial elimination of government policies or subsidies that adversely affect trade. The removal of trade-distorting policies may be done by one country (unilaterally) or by many (multilaterally). Proposals for agricultural trade liberalization submitted to the *General Agreement on Tariffs and Trade* in 1987 and 1988 vary in the policies included and the length of time for implementation. The U.S. proposal, for example, calls for complete liberalization of agricultural trade by eliminating all policies affecting production, consumption, and trade in all countries over a 10-year period. The *Cairns Group*, in contrast, includes only trade-distorting policies and provides for short-term trade reform measures, as well as intermediate and long-term actions.

Treaties -- Written agreements between governments, usually ratified by the lawmaking authority of each country. In the United States, treaties are

negotiated by the executive branch and then must be ratified by a two-thirds majority in the Senate.

Triple base -- A concept proposed to increase flexibility in farm programs while reducing Federal costs. A triple-base program would continue to divide a producer's total base acreage into *permitted acreage* base and acreage idled under the *Acreage Reduction Program*. Permitted base would be further divided into base for *program crops* that would continue to receive program payments and flexible base. Crops produced on flexible base acreage would not be eligible for *deficiency payments*. The ratio of permitted base to flexible base acres, as well as any limitations on what could be planted on flexible base, would be determined by the Secretary. The triple base concept was first introduced in 1985 by Representative Charles Stenholm (D-TX).

T-values -- See Soil erosion tolerance values.

Two-price plan -- Price discrimination between the domestic and export markets by selling commodities for export at a different price than in the domestic market. Governments or firms may adopt a two-price plan in order to expand markets, dispose of surpluses, or increase returns.

Underdeveloped nations -- See Less developed countries.

Upland cotton -- The predominant type of cotton grown in the United States and in most major cotton-producing countries of the world. The staple length of these fibers ranges from about 3/4 inch to 1-1/4 inches, averaging nearly 1-3/32 inches.

Urban -- A concept defining an area which has a population of 2,500 or more inhabitants.

Urbanized area -- A population concentration of at least 50,000 inhabitants. It generally consists of a central city and the surrounding, closely settled contiguous territory (suburb).

U.S. Trade Representative -- Cabinet-level head of the Office of the U.S. Trade Representative, the principal trade policy agency of the U.S. Government. The U.S. Trade Representative is also the chief U.S. delegate and negotiator at all major trade talks and negotiations.

Value-added tax (VAT) -- Taxes collected at each stage of production. Raw material costs used from earlier stages are subtracted from each subsequent selling price and the tax is applied only to the "value added." For example, the cost of wheat from a farmer is subtracted from the miller's selling price in calculating the miller's value-added.

Variable levies -- The difference between the price of a foreign product at the port and the official price at which competitive imports can be sold. Such levies are effectively a variable tax on imports or a variable subsidy to exports. Variable levies are used by the *European Community*, Austria, Sweden, and Switzerland.

Vegetative cover -- Trees or perennial grasses, *legumes*, or shrubs with an expected lifespan of 5 years or more.

Vertical integration -- A firm controlling two or more stages of operation either through contracts or ownership. Under contract integration, firms obtain legal commitments binding producers to certain production practices, such as selling the product or purchasing inputs from specified sources. Ownership integration exists when a firm owns two or more levels of the production and management system.

Watershed -- The total land area, regardless of size, above a given point on a waterway that contributes runoff water to the flow at that point. It is a major subdivision of a drainage basin. On the basis of this concept, the United States is generally divided into 18 major drainage areas and 160 principal river drainage basins containing about 12,700 smaller watersheds.

Wetlands -- Land that is characterized by an abundance of moisture and that is inundated by surface or groundwater, often enough to support a prevalence of vegetation typically adapted for life in saturated soil conditions.

Wheat and Feed Grain Export Certificate Programs -- Two discretionary programs for the 1986-90 crops designed to encourage exports of wheat and *feed grains* from private stocks. Under the Cash Export Certificate Program and the Export Marketing Certificate Program, the Secretary would issue wheat and feed grain export certificates to all eligible producers. The programs have not been implemented.

WIC Program -- See Special Supplemental Food Program for Women, Infants, and Children.

World Agricultural Outlook Board (WAOB) -- A USDA agency created in 1977 to provide timely and improved forecasts of domestic and international agricultural production and trade. The agency is a board made up of members from different USDA agencies who reconcile estimates and arrive at the official USDA outlook.

World Bank/International Bank for Reconstruction and Development (IBRD) -- An international organization which makes long-term loans at conventional interest rates for economic development projects and programs in the *developing countries*. The International Development Association, which is part of the World Bank, provides financing to very low-income countries to meet their development requirements. The terms of this assistance are more flexible and bear less heavily on the countries' budgets than conventional loans.

World Food Council (WFC) -- The highest level political institution dealing with world food problems in the United Nations system. The WFC meets yearly at the ministerial level to discuss coordinating international efforts to solve food and agricultural problems.

World Food Program (WFP) -- An undertaking of the United Nations *Food and Agriculture Organization (FAO)*. The objective of the program is to supply food resources for economic development projects in developing countries. Examples include child feeding and school lunch programs and food-for-work infrastructure projects.

World price -- The cost, insurance, and freight (c.i.f.) price of an imported agricultural commodity at the principal port of a major importing country or area.

0/92 -- An optional acreage diversion program that allows wheat and feed grain producers to devote all or a portion of their *permitted acreage* to *conserving uses* and receive *deficiency payments* on that acreage. The program makes deficiency payments for a maximum of 92 percent of a farm's permitted acreage. Under other types of acreage diversion programs, such as *acreage reduction programs*, producers cannot receive *deficiency payments* unless permitted acres are devoted to producing a crop.

50/92 -- A program that allows cotton and rice growers who plant at least 50 percent of their *permitted acreage* to receive 92 percent of their *deficiency payments* under certain conditions. The Farm Disaster Assistance Act of 1987 (see appendix) also authorized 50/92 for wheat, feed grain, cotton, and rice producers who were affected by a natural disaster in 1987 and met certain criteria stated in the law.

Appendix--Major Agricultural Legislation from 1933 to 1988

Agricultural Adjustment Act of 1933 (Triple A) (P.L. 73-10) was signed into law May 12, 1933. The law introduced the price support programs, including production adjustments, and incorporated the Commodity Credit Corporation (CCC) under the laws of the State of Delaware on October 17, 1933. The price support payments were financed mostly by processing taxes on the specific commodity. The act also made price support loans by the CCC mandatory for the designated "basic" (storable) commodities (corn, wheat, and cotton). Support for other commodities was authorized upon recommendation by the Secretary of Agriculture with the President's approval. Commodity loan programs carried out by the CCC for 1933-37 included programs for cotton, corn, turpentine, rosin, tobacco, peanuts, dates, figs, and prunes. The provisions for production control and processing taxes in the Act were later declared unconstitutional.

Agricultural Adjustment Act Amendment of 1935 (P.L. 74-320) was signed into law August 24, 1935. The law gave the President authority to impose quotas when imports interfered with agricultural adjustment programs.

Soil Conservation and Domestic Allotment Act of 1936 (P.L. 74-461) was signed into law February 29, 1936. The law provided for soil-conservation and soil-building payments to participating farmers but did not include strong price- and income support programs.

Agricultural Adjustment Act of 1938 (P.L. 75-430) was signed into law February 16, 1938. The law was the first to make price support mandatory for corn, cotton, and wheat to help maintain a sufficient supply in low production periods along with marketing quotas to keep supply in line with market demand. It also established permissive supports for butter, dates, figs, hops, turpentine, rosin, pecans, prunes, raisins, barley, rye, grain sorghum, wool, winter cover-crop seeds, mohair, peanuts, and tobacco for the 1938-40 period. The 1938 Act is considered part of permanent agricultural legislation. Provisions of this law are often superceded by more current legislation. However, if the current legislation expires and new legislation is not enacted, the law reverts back to the 1938 act (along with the Agricultural Act of 1949).

Steagall Amendment of 1941 (P.L. 77-144) was signed into law July 1, 1941. The law required support for many nonbasic commodities at 85 percent of parity or higher. In 1942, the minimum rate was increased to 90 percent of parity and was required to be continued for 2 years after the end of World War II. The "Steagall commodities" included hogs, eggs, chickens (with certain exceptions), turkeys, milk, butterfat, certain dry peas, certain dry edible beans, soybeans, flaxseed and peanuts for oil, American-Egyptian (ELS) cotton, potatoes, and sweet potatoes.

Agricultural Act of 1948 (P.L. 80-897) was signed into law July 3, 1948. The law made price support mandatory at 90 percent of parity for 1949 basic crops. It also provided that beginning in 1950, parity would be reformulated to take into consideration average prices of the previous 10 years, as well as those of the 1910-14 base period.

Agricultural Act of 1949 (P.L. 89-439) was signed into law October 31, 1949. The law, along with the Agricultural Adjustment Act of 1938, makes up the major part of permanent agricultural legislation which is still effective in

amended form. The 1949 Act designated mandatory support for the following nonbasic commodities: wool and mohair, tung nuts, honey, Irish potatoes (excluded in the Agricultural Act of 1954), and milk, butterfat, and their products.

Agricultural Trade Development and Assistance Act of 1954 (Food for Peace) (P.L. 83-480) was signed into law July 10, 1954. The law became the basis for selling and bartering surplus commodities overseas and for overseas relief. The program makes U.S. agricultural commodities available through long-term credit sales at low interest rates, provides food relief, and authorizes "food for development" projects.

Agricultural Act of 1954 (P.L. 83-690) was signed into law August 28, 1954. It established a flexible price support in 1955 basic crops (excluding tobacco) at 82.5-90 percent of parity and authorized a CCC reserve for foreign and domestic relief.

> **National Wool Act of 1954** (Title VII of Agricultural Act of 1954) provided for a new price support program for wool and mohair to encourage a certain level of domestic production (set at 300 million pounds for 1955).

Agricultural Act of 1956 (P.L. 84-540) was signed into law May 28, 1956. This law began the Soil Bank Act which authorized the Acreage Reserve Program for wheat, corn, rice, cotton, peanuts, and several types of tobacco. It also provided for a 10-year Conservation Reserve Program.

Consolidated Farm and Rural Development Act (P.L. 87-128) was signed into law August 8, 1961. The law authorized USDA farm-lending activities through the Farmers Home Administration.

Food and Agricultural Act of 1962 (P.L. 87-703) was signed into law September 27, 1962. This law authorized an emergency wheat program with voluntary diversion of wheat acreage and continued the feed grain support program. It also included a marketing-certificate program for wheat. The program, however, was rejected by wheat producers who were required to approve its marketing quota.

Agricultural Act of 1964 (P.L. 88-297) was signed into law April 11, 1964. This law authorized a 2-year voluntary marketing-certificate program for wheat and a payment-in-kind (PIK) program for cotton.

Food Stamp Act of 1964 (P.L. 88-525) was signed into law August 31, 1964. The law provided the basis for the Food Stamp program. It was later replaced by the food stamp provisions (title XIII) of the Food and Agricultural Act of 1977.

Food and Agricultural Act of 1965 (P.L. 89-321) was signed into law November 3, 1965. This law was the first multiyear farm legislation, providing for 4-year commodity programs for wheat, feed grains, and upland cotton. It was extended for 1 more year through 1970 (P.L. 90-559). It authorized a Class I milk base plan for the 75 Federal milk marketing orders, and a long-term diversion of cropland under a Cropland Adjustment Program. The law also continued payment and diversion programs for feed grains and cotton and certificate and diversion programs for wheat.

Agricultural Act of 1970 (P.L. 91-524) was signed into law November 30, 1970. The law, in effect through 1973, established the cropland set-aside program and a payment limitation per producer (set at $55,000 per crop). It also amended and extended the authority of the Class I Base Plan in milk marketing order areas.

Act of April 14, 1971 (P.L. 92-10) provided for poundage quotas for burley tobacco in place of farm acreage allotments.

Agriculture and Consumer Protection Act of 1973 (P.L. 93-86) was signed into law August 10, 1973. The law established target prices and deficiency payments to replace former price support payments. It also set payment limits at $20,000 for all program crops and authorized disaster payments and disaster reserve of inventories to alleviate distress caused by a natural disaster.

Food and Agriculture Act of 1977 (P.L. 95-113) was signed into law September 9, 1977. The law increased price and income supports and established a farmer-owned reserve for grain. It also established a new two-tiered pricing program. Under the program, producers were given an acreage allotment on which a poundage quota was set. Growers could produce in excess of their quota, within their acreage allotment, but would receive the higher of the two price support levels only for the quota amount. Peanuts in excess of the quota are referred to as "additionals."

> **Food Stamp Act of 1977** (title XIII) permanently amended the Food Stamp Act of 1964 by eliminating purchase requirements and simplifying eligibility requirements.
>
> **National Agricultural Research, Extension, and Teaching Policy Act** (title XIV) made USDA the leading Federal agency for agricultural research, extension, and teaching programs. It also consolidated the funding for these programs.

Federal Crop Insurance Act of 1980 (P.L. 96-365) was signed into law September 26, 1980. The law expanded crop insurance into a national program covering the majority of crops.

Agriculture and Food Act of 1981 (P.L. 97-98) was signed into law December 22, 1981. The law emphasized making U.S. commodities competitive abroad. It set specific target prices for 4 years, eliminated rice allotments and marketing quotas, and lowered dairy supports.

Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253) was signed into law September 8, 1982. The law froze dairy price supports and mandated loan rates and acreage reserve programs for the 1983 crops.

Temporary Emergency Food Assistance Act of 1983 (P.L. 98-8) was signed into law March 24, 1983. The law authorized distribution of CCC-owned foodstuffs to indigent persons.

Extra-Long Staple Cotton Act of 1983 (P.L. 98-88) was signed into law August 26, 1983. The law eliminated marketing quotas and allotments for extra-long staple cotton and tied its support to upland cotton through a formula that sets the loan rate at not less than 150 percent of the upland cotton loan level.

Dairy and Tobacco Adjustment Act of 1983 (P.L. 98-180) was signed into law November 29, 1983. The law froze tobacco price supports, launched a voluntary dairy diversion program, and established a dairy promotion order.

Agricultural Programs Adjustment Act of 1984 (P.L. 98-258) was signed into law April 10, 1984. The law froze target price increases provided in the 1981 Act; authorized paid diversions for feed grains, upland cotton, and rice; and provided a wheat payment-in-kind program for 1984.

Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177) was signed into law December 12, 1985. Also known as the Gramm-Rudman-Hollings Act, the law was designed to eliminate the Federal budget deficit by October 1, 1990. It mandated annual reductions in Federal outlays, including agriculture.

Food Security Act of 1985 (P.L. 99-198) was signed into law December 23, 1985. The law allowed lower price and income supports, lowered dairy supports, established a dairy herd buy-out program, and created a conservation reserve targeted at erosive croplands.

Farm Credit Restructuring and Regulatory Reform Act of 1985 (P.L. 99-205) was signed into law December 23, 1985. The law implemented interest rate subsidies for farm loans and restructured the Farm Credit Administration.

Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) was signed into law April 7, 1986. This law canceled the flue-cured and burley tobacco quotas announced for the 1986 programs, giving the Secretary of Agriculture discretion to set them.

Technical Corrections to Food Security Act of 1985 Amendments (P.L. 99-253) was signed into law February 28, 1986. The law gave the Secretary of Agriculture discretion to require cross compliance for wheat and feed grains instead of mandating them, changed acreage base calculations, and specified election procedure for local Agricultural Stabilization and Conservation committees.

Food Security Improvements Act of 1986 (P.L. 99-260) was signed into law March 20, 1986. The law made further modifications to the 1985 Act, including limiting the nonprogram crops that can be planted under the 50/92 provision, permitting haying and grazing on diverted wheat and feed grain acreage during a set 5-month period if requested by the State Agricultural Stabilization and Conservation Committee, and increasing deductions taken from the price of milk received by producers to fund the whole herd buy-out program.

Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509) was signed into law October 21, 1986. The law requires advance deficiency payments to be made to producers of 1987 wheat, feed grains, upland cotton, and rice crops at a minimum of 40 percent for wheat and feed grains and 30 percent for rice and upland cotton. It also amends the Farm Credit Act of 1971.

Making Continuing Appropriations for the Fiscal Year 1987, and for Other Purposes (P.L. 99-591) was signed into law October 30, 1986. The law, in addition to providing funding for Federal programs, modified the 1985 farm act by limiting program payments to $50,000 per person for deficiency and land diversion payments, and included honey, resource adjustment (excluding land diversion), disaster, and Findley payments under $250,000 payment limitation.

Futures Trading Act of 1986; Grain Quality Improvement Act of 1986; and Processed Products Inspection Improvement Act of 1986 (P.L. 99-641) was signed into law November 10, 1986. The law reauthorized appropriations to carry out the Commodity Exchange Act and made technical improvements to that act.

Farm Disaster Assistance Act of 1987 (P.L. 100-45) was signed into law May 27, 1987. The law provided assistance to producers who experienced crop losses from natural disasters in 1986.

Stewart B. McKinney Homeless Assistance Act (P.L. 100-77) was signed into law July 22, 1987. The law provides housing, food assistance, and job training for the homeless.

Uniform Cotton Classing Fees Act of 1987 (P.L. 100-108) was signed into law August 20, 1987. The law provided continuing authority to the Secretary of Agriculture to recover costs associated with cotton classing services.

Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203) was signed December 22, 1987. The law set the 1988 fiscal year budget for agriculture and all Federal agencies. It set target prices for 1988 and 1989 program crops, established loan rates for program and nonprogram crops, and required a voluntary paid land diversion for feed grains. The law also further defined who is eligible to receive program payments ("defining a person").

Agricultural Credit Act of 1987 (P.L. 100-233) was signed into law January 6, 1988. The law provides credit assistance to farmers, strengthens the Farm Credit System, and facilitates the establishment of secondayry markets for agricultural loans.

Disaster Assistance Act of 1988 (P.L. 100-387) was signed into law August 11, 1988. The law provided assistance to farmers hurt by the drought and other natural disasters in 1988. Crop producers with losses greater than 35 percent of production were eligible for financial assistance, and feed assistance was available to livestock producers.

Agricultural Credit Technical Corrections Act (P.L. 100-399) was signed into law August 17, 1988. The law corrected the Agricultural Credit Act of 1987, restoring language that exempted mergers of the Farm Credit System institutions from State transfer taxes.

Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418) was signed into law August 23, 1988. The law revises statutory procedures for dealing with unfair trade practices and import damage to U.S. industries. It gives the Secretary of Agriculture discretionary authority to trigger marketing loans for wheat, feed grains, and soybeans, if it is determined that unfair trade practices exist. The Secretary can extend export programs, such as the Export Enhancement and the Targeted Export Assistance Programs in response to unfair competition.

Hunger Prevention Act of 1988 (P.L. 100-435) was signed into law September 19, 1988. The law amends the Temporary Emergency Food Assistance Act of 1983 to require the Secretary of Agriculture to make additional types of commodities available for the program, to improve the child nutrition and food stamp programs, and to provide other hunger relief.

United States-Canada Free Trade Agreement Implementation Act of 1988 (P.L. 100-449) was signed into law September 28, 1988. The law implements the bilateral trade agreement between the United States and Canada, including agricultural trade. The agreement would phase out tariffs between the two countries over 10 years and revise other trade rules.

Disaster Assistance Act of 1989 (P.L. 101-82) was signed into law August 14, 1989. The law provides assistance to farmers hurt by drought or other natural disasters in 1988 or 1989. To qualify for financial assistance, crop producers must have lost at least 35 percent of production. The requirement is higher for farmers without crop insurance, as well as producers of nonprogram crops and those who did not participate in farm programs. Other assistance was similar to that which was provided in the Disaster Assistance Act of 1988 (P.L. 100-387).

Get these timely reports from USDA's Economic Research Service

These periodicals bring you the latest information on food, the farm, and rural America to help you keep your expertise up-to-date. Order these periodicals today to get the latest facts, figures, trends, and issues from ERS.

Agricultural Outlook. Presents USDA's farm income and food price forecasts. Emphasizes the short-term outlook, but also presents long-term analyses of issues ranging from international trade to U.S. land use and availability. 11 issues annually. 1 year, $22; 2 years, $43; 3 years, $63.

Farmline. Concise, fact-filled articles focus on economic conditions facing farmers, how the agricultural environment is changing, and the causes and consequences of those changes for farm and rural people. 11 issues annually. *1 year, $11; 2 years, $21; 3 years, $30.*

National Food Review. Offers the latest developments in food prices, product safety, nutrition programs, consumption patterns, and marketing. 4 issues annually. *1 year, $10; 2 years, $19; 3 years, $27.*

Economic Indicators of the Farm Sector. Updates economic trends in U.S. agriculture. Each issue explores a different aspect of income and expenses: national and State financial summaries, production and efficiency statistics, costs of production, and an annual overview. 6 issues annually. *1 year, $12; 2 years, $23; 3 years, $33.*

Rural Development Perspectives. Crisp, nontechnical articles on the results of new rural research and what those results mean. 3 issues annually. *1 year, $9; 2 years, $17; 3 years, $24.*

The Journal of Agricultural Economics Research. Technical research in agricultural economics, including econometric models and statistics focusing on methods employed and results of USDA economic research. 4 issues annually. *1 year, $7; 2 years, $13; 3 years, $18.*

Foreign Agricultural Trade of the United States. Updates the quantity and value of U.S. farm exports and imports, plus price trends. 8 issues annually. *1 year, $20; 2 years, $39; 3 years, $57.*

Situation and Outlook Reports. These reports provide timely analyses and forecasts of all major agricultural commodities and related topics such as finance, farm inputs, land values, and world and regional developments. Each *Situation and Outlook* title costs *1 year, $10; 2 years, $19; 3 years, $27.* Titles include:

Agricultural Exports	*Cotton and Wool*	*Oil Crops*	*Vegetables and Specialties*
Agricultural Income and Finance	*Dairy*	*Rice*	*Wheat*
Agricultural Resources	*Feed*	*Sugar and Sweeteners*	*World Agriculture*
Aquaculture	*Fruit and Tree Nuts*	*Tobacco*	*World Agriculture Regionals*

Also available: *Livestock and Poultry:* 1 year, $15; 2 years, $29; 3 years, $42.

Add 25 percent for shipments to foreign addresses (includes Canada). Sorry, no refunds.

To subscribe to these periodicals, or for more information, call toll free 1-800-999-6779 (8:30-5:00 ET) , or write to:

ERS-NASS
P.O. Box 1608
Rockville, MD 20849-1608

U.S. Department of Agriculture
Economic Research Service
1301 New York Avenue, NW.
Washington, DC 20005-4788